

# Original Application

Good Samaritan  
SocietyFairfield Glade

CN1702-006



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243  
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

Feb 6 '17 PM 2:49

## CERTIFICATE OF NEED APPLICATION

### SECTION A: APPLICANT PROFILE

#### 1. Name of Facility, Agency, or Institution

Good Samaritan Society - Fairfield Glade

Name

100 Samaritan Way

Street or Route

Cumberland

County

Crossville

City

TN

State

38558

Zip Code

Website address: https://www.good-sam.com/locations/fairfield-glade

*Note: The Facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

#### 2. Contact Person Available for Responses to Questions

Michael D. Brent

Name

Attorney

Title

Bradley Arant Boult Cummings LLP

Company Name

mbrent@bradley.com

Email address

1600 Division Street, STE 700

Street or Route

Nashville

City

TN

State

37203

Zip Code

Attorney

Association with Owner

615-252-2361

Phone Number

615-252-6361

Fax Number

**NOTE:** **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on **8 1/2" X 11" white paper, clearly typed and spaced, single or double sided, in order and sequentially numbered. In answering, please type the question and the response.** All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.**

### 3. SECTION A: EXECUTIVE SUMMARY

#### A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description - Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

***RESPONSE: NOTE: This Application is being filed as a replacement for the CN-1407-031 that was already approved by the Health Services and Development Agency. The project proposed is exactly as approved in CN-1407-031. However, a replacement for that CON is required because CN-1407-031 expired before the completion and licensure of the building.***

The Applicant is a Continuing Care Retirement Community ("CCRC") and its campus setting provides care ranging from independent living to assisted care living to skilled nursing. As part of the Applicant's CCRC, the skilled nursing home houses 30 dually-certified beds. This application seeks to add an additional 30 dual Medicare/Medicaid-certified beds to the Applicant's existing 30-bed facility for a total 60-bed facility if approved.

The project involves new construction to add a small northern wing and a larger southern wing to the existing skilled nursing facility wing of the CCRC. The smaller northern wing will connect two previously unconnected portions of the skilled nursing wing on the first floor level only and will house 10 of the 30 proposed private beds, as well as patient lounge and living areas and a nursing station. The larger southern wing will add a rehabilitation area on the ground level of the existing skilled nursing wing. The first floor buildout of the southern wing will house the remaining 20 of the 30 proposed private beds, along with a consultation room, lounge, resident living area, kitchen, dining room, family quiet area, and library. The finished new construction will consist of 27,306 square feet. The cost per square foot for total space is approximately \$246.34 based on total project cost, or \$163.45 based on new construction costs only.

In addition, as summarized in CN1407-031 the Applicant states:

- The original skilled nursing facility approved in CN0806-035AE opened in September 2011.
- The facility took 3 years to build at a cost of approximately \$6,637,045 (note: the Agency approved a 1 year extension of the project).
- In addition to the nursing home, the CCRC also contains 42 independent living apartments and 26 assisted living units
- The 30 additional beds will be housed in 2 new wings that will be added to the first floor of the existing building.
- The applicant will also expand other services on the CCRC campus. Independent living apartments will increase from 42 to 116 total apartments. Assisted living units will increase from 26 to 50 total units.
- Additional space for rehabilitation services, dining, kitchen, patient activities and consultation is included in the project.

- 2) Ownership structure;

The Evangelical Lutheran Good Samaritan Society (ELGSS), a North Dakota nonprofit corporation founded in 1922, owns 100% of The Good Samaritan Society-Fairfield Glade. ELGSS operates senior housing and health care facilities in approximately 240 locations in 22 states. The Continuing Care Retirement Community (CCRC) at Fairfield Glade is currently the only ELGSS facility in Tennessee. The services at Fairfield Glade focus on the concept of "aging in place" through communities that provide a continuum of care, including assisted living, senior housing, skilled nursing care and home care.

3) Service area;

**RESPONSE:** The Applicant's projected service area is Cumberland County. An overview of the service area is provided as follows:

- The total population of the service area is estimated at 62,847 residents in calendar year (CY) 2017 increasing by approximately 3% to 64,687 residents in CY 2019.
- The overall statewide population is projected to grow by 2% from 2017 to 2019.
- The 65 and older population is expected to comprise approximately 34% of the total county population in CY2019 compared to 17% statewide.
- The 65 and older population of Cumberland County will increase by approximately 3% from CY2017 to CY2019 compared to a statewide increase of 8% during the period.
- The proportion of TennCare enrollees of the total county population is 21.4%, compared with the state-wide average of 22.6%.

4) Existing similar service providers;

**RESPONSE:** There are four existing skilled nursing facilities in the Applicant's projected service area of Cumberland County. They are Life Care Center of Crossville (122 beds), Wharton Nursing Home (62 beds), Wyndridge Health and Rehabilitation Center (157 beds) and the Applicant, Good Samaritan Fairfield Glade (30 beds).

The Applicant is a Continuing Care Retirement Community ("CCRC") and its campus setting provides care ranging from independent living to assisted care living to skilled nursing. There are no healthcare facilities or senior housing communities with supportive services in Fairfield Glade. All of the available medical and long-term care services are located elsewhere in Cumberland County, mainly Crossville, which is 10-15 miles away. While Uplands Village also serves Cumberland County residents at its CCRC, it is located approximately 24 miles from the Applicant.

5) Project cost;

6) Funding;

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

**RESPONSE (5)-(7):** The total estimated project cost is \$6,765,226, with construction costs totaling \$4,463,046, or 66% of total cost. The construction cost is \$163.45 per square foot. As discussed below, the new construction cost compares favorably with statewide nursing home construction projects from 2013 to 2015, being slightly above the 1<sup>st</sup> quartile of \$152.80/sq. ft. but well below the median cost of \$172.14/sq. ft. ELGSS will finance the project from cash reserves as shown by a letter from ELGSS's Chief Financial Officer that is included with this application.



This project is economically feasible and will produce positive operating revenue by Year 2 of the project.

8) Staffing.

**RESPONSE:** The Applicant will add both clinical and administrative staff if the project is approved, not only to the expanded skilled nursing home, but also for the other components of the CCRC, including staff for an expanded assisted living unit. The Applicant does not anticipate any difficulties in staffing the expanded skilled nursing home and will pay wages to additional staff that are in-line with state medians for clinical staff.

**B. Rationale for Approval**

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

***RESPONSE: As noted above, the HSDA has already considered and approved the need for this project with its approval of CN1407-031 as meeting the criteria of need, orderly development and economic feasibility. The approval of this CON application is needed for the Facility to obtain licensure from the Department of Health because of the expiration of the previously approved CON***

1) Need;

**RESPONSE:** As noted above, the HSDA has already considered and approved the need for this project with its approval of CN1407-031. The approval of this CON application is needed for the Facility to obtain licensure from the Department of Health because of the expiration of the previously approved CON.

In addition, however, there is a continued and even greater need for the project in 2017. A skilled nursing facility is crucial to the success of the Applicant's CCRC model. This comprehensive continuum of services will allow individuals to "age in place" within the community that they have made the choice to call home. The comprehensive development concept avoids dislocation of that individual from their friends, spouse, or church community when their health needs require additional services, or care in a residential health care facility. With the addition of 30 beds to the existing skilled nursing facility, the Applicant can ensure sufficient capacity to avoid such dislocation of individuals from the community.

The Guidelines for Growth show that Cumberland County is under-bedded for nursing home beds and indicate a net current need for 297 additional beds in Cumberland County. Moreover, the Applicant has turned away 146 prospective patients since August 2013 as a result of bed unavailability. There are no healthcare facilities or senior housing communities with supportive services in Fairfield Glade. All of the available medical and long-term care services are located elsewhere in Cumberland County, mainly Crossville, which is 10-15 miles away. While Uplands Village also serves Cumberland County residents at its CCRC, it is located approximately 24 miles from the Applicant.

2) Economic Feasibility;

**RESPONSE:** This project is economically feasible and will produce positive operating revenue by Year 2 of the project. In addition, the cost of the project are well in line, and even below comparable projects that the agency has approved. The applicant has maintained high

occupancy in its existing skilled nursing facility beds, and its conservative projections for the additional 30 and total 60 bed facility demonstrate that it is well planned. In addition, the backing of the Evangelical Good Samaritan Society to fund any initial losses of the project ensure its viability and success.

3) Appropriate Quality Standards; and

**RESPONSE:** Good Samaritan Fairfield Glade is currently in good standing with all licensing, certifying and accrediting agencies. As demonstrated in the application and the Applicant's regulatory history, the facility has provided high quality of care since its opening. The Applicant reports extensive quality measures as part of its involvement in the Medicare program. The Applicant has an ongoing quality improvement program to monitor and improve patient outcomes. These outcomes are regularly reported as part of public reporting requirements for all nursing homes. The Facility is a "five star" facility as rated by Nursing Home Compare and maintains the highest ratings for staffing (5), quality measures (5), and health inspections (4).

4) Orderly Development to adequate and effective health care.

**RESPONSE:** The project will have a positive effect on the health care system and fills a need for a care alternative and a continuum of care for seniors. As a CCRC, Good Samaritan - Fairfield Glade gives seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance, and the skilled nursing facility is a crucial component of the community.

Currently, the need for nursing home beds exceeds the available supply in Cumberland County. The Applicant has attached several letters in support of the project and the facility. As stated previously, there is only one other CCRC facility in Cumberland County (Uplands Village), which is located more than 30 minutes away (approximately 24 miles) in Pleasant Hill, Tennessee. In addition, the main sources of individuals for the facility will be internally generated from within the Fairfield Glade community, both existing residents and their families, and future newcomers to the area. Thus, the internal generation of patients will limit its impact on existing providers.

**C. Consent Calendar Justification**

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

**RESPONSE:** The applicant does not seek consent calendar consideration.

#### 4. SECTION A: PROJECT DETAILS

##### A. Owner of the Facility, Agency or Institution

<u>The Evangelical Lutheran Good Samaritan Society</u>		<u>(605) 362-3100</u>
Name		Phone Number
<u>4800 West 57<sup>th</sup> Street</u>		<u>Minnehaha</u>
Street or Route		County
<u>Sioux Falls</u>	<u>SD</u>	<u>57108</u>
City	State	Zip Code

##### B. Type of Ownership of Control (Check One)

- |                                 |           |                               |       |
|---------------------------------|-----------|-------------------------------|-------|
| A. Sole Proprietorship          | _____     | F. Government (State of TN or | _____ |
| B. Partnership                  | _____     | Political Subdivision)        | _____ |
| C. Limited Partnership          | _____     | G. Joint Venture              | _____ |
| D. Corporation (For Profit)     | _____     | H. Limited Liability Company  | _____ |
| E. Corporation (Not-for-Profit) | <u>XX</u> | I. Other (Specify) _____      | _____ |

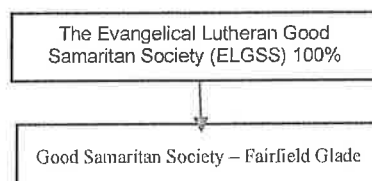
Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbeartn.gov/ECommerce/FilincSearch.aspx>. **Attachment Section A-4A.**

**RESPONSE:** Please reference Attachment Section A-4A for the copies of the Certificate of Formation and Certificate of Authorization for the Applicant, as well as proof of active status from the Tennessee.

**Describe** the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

**RESPONSE:** The Evangelical Lutheran Good Samaritan Society ("ELGSS") is a South Dakota non-profit corporation whose mission is to share God's love in word and deed by providing shelter and supportive services to older persons and others in need, believing that "In Christ's Love, Everyone is Someone." ELGSS is the sole owner and manager of Good Samaritan Society - Fairfield Glade (the "Applicant").

The ownership structure is as follows:



ELGSS is a non-profit corporation and there are no individuals who have any ownership interest in the corporation. The only Tennessee healthcare facility in which ELGSS has ownership is Good Samaritan Society- Fairfield Glade. ELGSS operates senior housing communities and health care facilities in more than 240 locations around the county, including the following states: WA, OR, ID, MT, ND, SD, NE, CO, KS, AZ, NM, TX, MN,

IA, AR, WI, IN, KY, OH, WV, FL, and TN. In the ELGSS communities, services offered range from senior living and assisted living to skilled nursing with rehabilitation and long-term care to home care. ELGSS has been fulfilling its mission of care giving since approximately 1922. Many of ELGSS's communities provide a continuum of care concept and offer a full range of services from senior living to skilled nursing care so that individual community members can age in a place that they consider home, with and within their existing communities, friends and churches. ELGSS is the sole owner and manager of Good Samaritan Society- Fairfield Glade.

**5. Name of Management/Operating Entity (If Applicable)**

\*\*\*Not Applicable\*\*\*

Name \_\_\_\_\_

Street or Route \_\_\_\_\_

County \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip Code \_\_\_\_\_

Website address: \_\_\_\_\_

***For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. Attachment Section A-5.***

**6. A. Type of Ownership of Control (Check One)**

- |                         |           |                    |       |
|-------------------------|-----------|--------------------|-------|
| A. Ownership            | <u>XX</u> | D. Option to Lease | _____ |
| B. Option to Purchase   | _____     | E. Other (Specify) | _____ |
| C. Lease of _____ Years | _____     |                    |       |

***Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.***

**6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.**

1) Plot Plan **must include**:

- a. Size of site (in acres);
- b. Location of structure on the site;
- c. Location of the proposed construction/renovation; and

d. Names of streets, roads or highway that cross or border the site.

**RESPONSE:** Included in Attachment Section A-6B-1(a-d) is the plot plan for the project. The size of the campus is 23 acres.

- 2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2 by 11 sheet of paper or as many as necessary to illustrate the floor plan.

**RESPONSE:** A floor plan for the project is provided in Attachment Section A-6B-2.

- 3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

**RESPONSE:** The existing facility is located an approximate one hour drive from Knoxville and an approximate two hour drive from Nashville. The facility is conveniently located with access to major roads. The site is located approximately six miles from Interstate 40 and is easily accessible by traveling northeast on state highway 101 and then travelling north on Catoosa Boulevard.

The facility's location is very accessible to its service population. The facility is approximately 11 miles from Cumberland Medical Center, which is licensed for 189 acute care beds. The facility also accommodates patients from Fairfield Glades and Cumberland County who receive acute care services at tertiary hospitals, including Cumberland Medical Center, and wish to be close to home for rehabilitation. The facility's location makes this type of care very convenient for these individuals. The ability to have nursing services closer to home has many benefits, including the psychological benefit of being near family and friends, which often results in better therapeutic results.

There are no healthcare facilities or senior housing communities with supportive services in Fairfield Glade. All of the available medical and long term care services are located elsewhere in Cumberland County, mainly in Crossville, which is 10 to 15 miles away. There are also no other dedicated continuum of care senior communities within Fairfield Glade. The only other CCRC located in Cumberland County, Uplands Village, is located approximately 24 miles or 37 minutes' drive from the Applicant in Pleasant Hill, Tennessee.

There are two main sources of residents of Good Samaritan Fairfield Glade. The first group is individuals living within Fairfield Glade who age in place and whose health needs progress to the point of needing skilled nursing facility care. The second group includes older parents or other family members of the Fairfield Glade residents who want to be closer to their ailing and/or aging parents to provide more assistance to them, and who want to bring them to the Fairfield Glade community for that purpose.

With regard to employees, Cumberland County is largely a rural county and no fixed schedule public transportation system operates within the county. According to the U.S. Census Bureau, ninety-six percent (96%) of the workers in the county drive to work so that employees, as well as patients and their families, would be able to reach the facility. (Source: [http://www.city-data.com/county/Cumberland County-TN.html](http://www.city-data.com/county/Cumberland%20County-TN.html)).

**Attachment Section A-6A, 6B-1 a-d, 6B-2, 6B-3.**

7. **Type of Institution** (Check as appropriate--more than one response may apply)

- |  |  |
|--|--|
| A. Hospital (Specify) _____  | H. Nursing Home <u>XX</u>  |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____        | I. Outpatient Diagnostic Center _____  |
| C. ASTC, Single Specialty _____  | J. Rehabilitation Facility _____   |
| D. Home Health Agency _____  | K. Residential Hospice _____   |
| E. Hospice _____   | L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction _____ |
| F. Mental Health Hospital _____  | M. Other (Specify) _____   |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____ |  |

Check appropriate lines(s).

8. **Purpose of Review** (Check appropriate lines(s) - more than one response may apply)

- |   |   |
|---|---|
| A. New Institution _____  | F. Change in Bed Complement <u>XX</u>   |
| B. Modifying an ASTC with limitation still required per CON _____                         | <i>[Please note the type of change by underlining the appropriate response: <u>Increase</u>, Decrease, Designation, Distribution, Conversion, Relocation]</i> |
| C. Addition of MRI Unit _____   | G. Satellite Emergency Dept. _____  |
| D. Pediatric MRI _____  | H. Change of Location _____   |
| E. Initiation of Health Care Service as defined in T.C.A. § 68-11-1607(4) (Specify) _____ | I. Other (Specify) _____  |

9. **Medicaid/TennCare, Medicare Participation**

MCO Contracts [check all that apply]

XX AmeriGroup XX United Healthcare Community Plan XX BlueCare XX TennCare Select

Medicare Provider Number \_\_\_\_\_ 44-5506

Medicare Provider Number \_\_\_\_\_ 44-5506

Certification Type Skilled Nursing Facility

If a new facility, will certification be sought for Medicare and/or Medicaid/Tenn/Care?

Medicare XX Yes \_\_\_ No \_\_\_ N/A      Medicaid/TennCare \_\_\_ Yes \_\_\_ No XX N/A

**RESPONSE:** The Applicant currently has contracts with the following Managed Care Organizations: AmeriChoice, AmeriGroup Community Care, Blue Cross/Blue Shield of Tennessee, Humana, TennCare Select, and United Healthcare. In addition, the Applicant is currently certified to provide Medicare and Medicaid (i.e. TennCare) services.

**10. Bed Complement Data**

**A. Please indicate current and proposed distribution and certification of facility beds.**

	<b>Current Licensed</b>	<b>Beds Staffed</b>	<b>Beds Proposed</b>	<b>*Beds Approved</b>	<b>**Beds Exempted</b>	<b><u>TOTAL</u> <u>Beds at</u> <u>Completion</u></b>
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home - SNF (Medicare only)						
16) Nursing Home - NF (Medicaid only)						
17) Nursing Home - SNF/NF (dually certified Medicare/Medicaid)	30	30	30			60
18) Nursing Home - Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
<b>TOTAL</b>						

\*Beds approved but not yet in service

\*\*Beds exempted under 10% per 3 year provision

**B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. Attachment Section A-10.**

**RESPONSE:** A skilled nursing facility is crucial to the success of the CCRC model. This comprehensive continuum of services will allow individuals to "age in place" within the community that they have made the choice to call home. The comprehensive development concept avoids dislocation of that individual from their friends, spouse, or church community when their health needs require additional services, or care in a residential health care facility. With the addition of 30 beds to the existing skilled nursing facility, the Applicant can ensure sufficient capacity to avoid such dislocation of individuals from the community. The additional 30 beds will increase the Facility's total dually certified skilled nursing facility beds from 30 to 60 total beds.

**C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.**

**RESPONSE:** None.

<b>CON Number(s)</b>	<b>CON Expiration Date</b>	<b>Total Licensed Beds Approved</b>

11. **Home Health Care Organizations - Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply RESPONSE: NOT APPLICABLE**

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Maury	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



## 12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage						
					Renovated	New	Total				
Community Room		0									
Outpatient Services Rehap Area		721				4,930					
Administration		2,604				959					
Circulation		3,024				7,215					
Mech-Elec-Data		231				294					
Patient Rooms		7,740				7,740					
Activity Spaces		2,490				4,903					
Clinical Support		5,144				1,265					
Circulation											
Mech-Elec-Data											
Unit/Department GSF Sub-Total											
Other GSF Total											
Total GSF		21,954				27,306					
*Total Cost	\$4,463,046										
**Cost Per Square Foot	\$163.45										
Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on <a href="http://www.tn.gov/hsda">www.tn.gov/hsda</a> )					<input type="checkbox"/> Below 1 <sup>st</sup> Quartile	<input type="checkbox"/> Below 1 <sup>st</sup> Quartile	<input type="checkbox"/> Below 1 <sup>st</sup> Quartile				
					<input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile	<input checked="" type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile	<input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile				
					<input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile				
					<input type="checkbox"/> Above 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Above 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Above 3 <sup>rd</sup> Quartile				

\* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

\*\* Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

**13. MRI, PET, and/or Linear Accelerator RESPONSE: NOT APPLICABLE**

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

<input type="checkbox"/> Linear Accelerator	Mev _____	Types _____	<input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____ <input type="checkbox"/> By Purchase <input type="checkbox"/> By Lease   Expected Useful Life (yrs) _____ <input type="checkbox"/> If not new, how old? (yrs) _____
	Total Cost*: _____		
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished		
<input type="checkbox"/> MRI	Tesla: _____	Magnet: _____	<input type="checkbox"/> Breast <input type="checkbox"/> Extremity <input type="checkbox"/> Open <input type="checkbox"/> Short Bone <input type="checkbox"/> Other _____ <input type="checkbox"/> By Purchase <input type="checkbox"/> By Lease   Expected Useful Life (yrs) _____ <input type="checkbox"/> If not new, how old? (yrs) _____
	Total Cost*: _____		
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished		
<input type="checkbox"/> PET	<input type="checkbox"/> PET only	<input type="checkbox"/> PET/CT	<input type="checkbox"/> PET/MRI
	Total Cost*: _____		
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished		
		<input type="checkbox"/> By Purchase	<input type="checkbox"/> By Lease   Expected Useful Life (yrs) _____
		<input type="checkbox"/> If not new, how old? (yrs) _____	

\* As defined by Agency Rule 0720-9-.01(13)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.
- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.
- D. Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am - 3 pm)
Fixed Site (Applicant)	_____	_____
Mobile Locations (Applicant)	_____	_____
(Name of Other Location)	_____	_____
(Name of Other Location)	_____	_____

- E. Identify the clinical applications to be provided that apply to the project.
- F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

## **SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate "Not Applicable (NA)."***

### **QUESTIONS**

#### **SECTION B: NEED**

- A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.

**RESPONSE:** Please see Attachment Section B:Need-A for the Applicant's responses to the Certificate of Need Criteria and Standards for the Tennessee Health Services and Development Agency, including the Tennessee State Health Plan Nursing Home Services Criteria (2014 Update) and the Criteria for Construction, Renovation, Expansion or Replacement of Health Care Institutions.

- B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

**RESPONSE:** The Applicant, even as early as its original construction, anticipated the need and desire to expand and increase the size of its community following stabilized occupancy after the initial facility was complete. The Applicant opened its facility in the fall of 2011 and due to the tremendous response from the community in need of its services and sought to move forward with an expansion of the facility to include 30 new beds. This expansion was approved by the Health Services Development Agency in October 2014 as CN1407-031.

At the time of the approval of CN1407-031, The Applicant planned to add 54 apartments and 26 assisted living units to the existing 42 apartments and 24 assisted living units that are already in existence on the campus. The addition of 30 Medicare skilled nursing beds was and continues to be vital to the Applicant's planned expansion of the other components of the CCRC. As the planned assisted living and independent living projects are near complete, the Applicant's plans are extremely dependent on obtaining this CON to serves a replacement for CN1407-031, which has expired prior to licensure of the planned nursing home project beds.

- C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-C.**

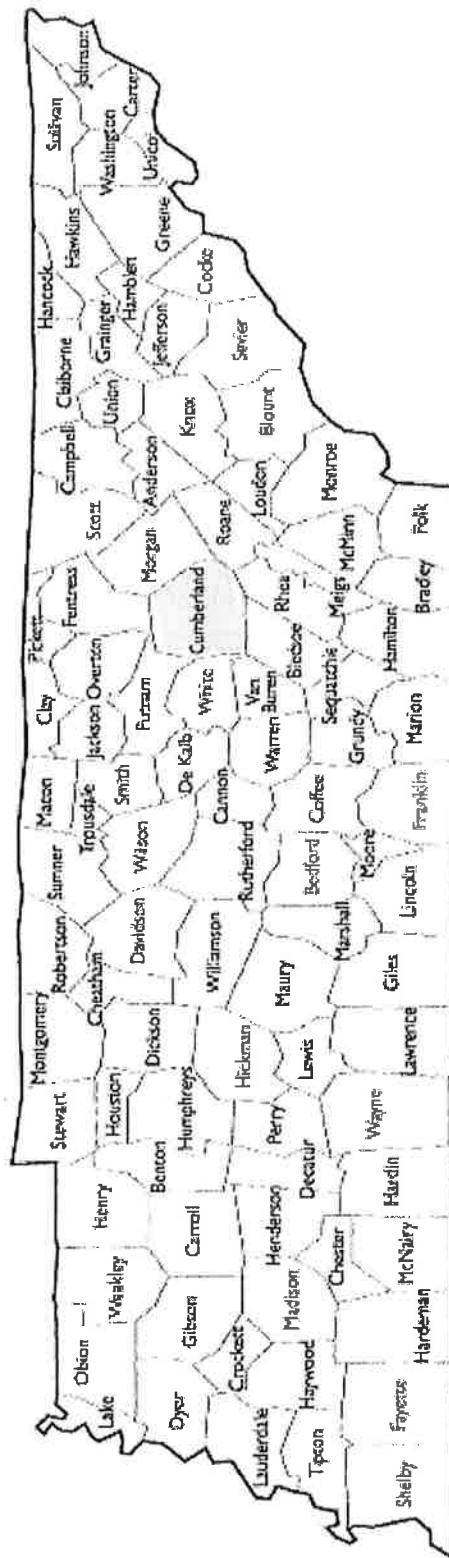
**RESPONSE:** The Applicant proposes the project's service area will be Cumberland County. The majority of the service area population is within 30 minutes travel time of the proposed facility. The historical experience of the Facility indicates that the great majority of its admissions are residents of Cumberland County.

Please complete the following tables, if applicable:

<b>Service Area Counties</b>	<b>Historical Utilization-County Residents</b>	<b>% of total procedures residents</b>
Cumberland – 2015 JAR	52 of 59 Total Residents	88%
Cumberland – 2014 JAR	26 of 26 Total Residents	100%
Cumberland – 2013 JAR	27 of 27 Total Residents	100%

<b>Service Area Counties</b>	<b>Projected Utilization-County Residents</b>	<b>% of total procedures</b>
County #1		
County #2		
Etc.		
Total		100%

# County Level Map



- D. 1). a) Describe the demographics of the population to be served by the proposal.
- b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

	Department of Health/Health Statistics				Bureau of the Census				TennCare				
Demographic Variable/Geo graphic Area	Total Population- Current Year(2017)	Total Population- ProjectedYear(2019)	Total Pop% Change	*Target Population- Current Year(2017)	*Target Population- Project Year (2019)	*Target Pop% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % Of Total	TennCare Enrollees	TennCare enrollees as % of Total Population
Cumberland Cty	62847	64687	3%	20691	22290	3%	34%	49.7	38,576	9300	16.5%	13,495	2.41%
Service Area Total	62847	64687	3%	20691	22290	8%	34%	49.7	38,576	9300	16.5%	13,495	21.4%
State of TN Total	6,887,572	7,035,572	2%	1,133,025	1,219,696	8%	174%	38.4	45,219	6,339,352	17.6	1,559,209	22.6%

\* *Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.*

- 2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**RESPONSE:** The Cumberland County and Fairfield Glade service area continues to have a significant need for quality long-term care and other health care services. Although the Applicant's existing 30-bed facility helps to meet the needs of Cumberland County and Fairfield Glade, with the continuous population growth and the increasing need for nursing home services, the Applicant's existing bed capacity is not sufficient to meet existing and future need. As a dedicated senior community with nearly two-thirds of the population over 65, the proposed project will support the need that has been identified. As noted in the question above relative to the demographics of the county, Cumberland County is a rural and moderately underserved county where many residents do not have access to private health insurance and rely on TennCare for their medical benefits. ELGSS has a long history of providing services to underserved and needy populations and currently has 30 dually certified beds in the facility. In light of increasing demand, the requested additional 30 Medicare-certified beds would ensure continued access to nursing home beds for Medicaid patients in the Applicant's existing 30 dually-certified beds.

- E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

**RESPONSE:** There are currently 4 other nursing homes in Cumberland County. Below is a chart that includes the occupancy rates for each of the 4 nursing homes located in Cumberland County:

	Resident Days of Care			Occupancy %		
	2015	2014	2013	2015	2014	2013
Fairfield Glade	10,374	10,479	10,324	95%	96%	94%
Life Care Crossville	36,587	37,789	38,640	82%	85%	87%
Wharton Nursing Home	19,354	18,692	21,469	86%	83%	95%
Wyndridge Health and Rehab	42,479	45,814	48,598	74%	80%	85%

- F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**RESPONSE:** The occupancy rate for the Applicant's current 30 bed facility for 2014 was 95.7% with a total of 10,479 resident days, 2015 was 94.7% with 10,374 resident days, and 2016 was 94.1% with 10,334 resident days.

The Applicant projects Average Daily Census by Payor for 60 Bed Facility (2017 – 2019) as follows:

Payor	2017	2018	2019
Private	17.3	18.4	19.6
Medicare	17.3	18.4	19.6
Managed Care	5.3	5.6	6
M/C Medicaid	5.3	5.6	6
<b>Total Patients:</b>	<b>45.2</b>	<b>48</b>	<b>51.2</b>

The projected payor mix for Year 1 is as follows:

Payor Source	Projected Gross Operating Revenue	As a % of Total
Private	1,540,155	27%
Medicare	2,869,250	50%
Managed Care	904,485	16%
M/C Medicaid	390,244	7%
<b>Total:</b>	<b>5,704,134</b>	<b>100%</b>

## **SECTION B: ECONOMIC FEASIBILITY**

- A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
- 1) All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)
  - 2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
  - 3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
  - 4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.
  - 5) For projects that include new construction, modification, and/or renovation — **documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
    - a) A general description of the project;
    - b) An estimate of the cost to construct the project;
    - c) A description of the status of the site's suitability for the proposed project; and
    - d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

**RESPONSE:** Please see Project Costs Chart and *Attachment Section B: Economic Feasibility, Question A-5* for documentation from the project architect supporting the estimated construction costs and other requested information.



## PROJECT COST CHART

A. Construction and equipment acquired by purchase:		
1.	Architectural and Engineering Fees	<u>\$255,500</u>
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	<u>\$50,000</u>
3.	Acquisition of Site	<u>\$0</u>
4.	Preparation of Site	<u>\$503,462</u>
5.	Total Construction Costs	<u>\$4,463,046</u>
6.	Contingency Fund	<u>\$200,000</u>
7.	Fixed Equipment (Not included in Construction Contract)	<u>\$248,637</u>
8.	Moveable Equipment (List all equipment over \$50,000 as separate attachments)	_____
9.	Other (Specify) <u>Sewer &amp; Water Access Fees</u>	<u>\$120,000</u>
B. Acquisition by gift, donation, or lease:		
1.	Facility (inclusive of building and land)	_____
2.	Building only	_____
3.	Land only	<u>\$235,000</u>
4.	Equipment (Specify) _____	_____
5.	Other (Specify) _____	_____
C. Financing Costs and Fees:		
1.	Interim Financing	<u>\$52,400</u>
2.	Underwriting Costs	<u>\$69,856</u>
3.	Reserve for One Year's Debt Service	<u>\$414,423</u>
4.	Other (Specify) <u>Lease-Up and Pre-Opening</u>	<u>\$114,224</u>
D.	Estimated Project Cost (A+B+C)	<u>\$6,726,548</u>
E.	CON Filing Fee	<u>\$38,678</u>
F.	Total Estimated Project Cost (D+E)	<u>\$6,765,226</u>
	<b>TOTAL</b>	<u>\$6,765,226</u>

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)**

- ☒ 1) Commercial loan - Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☒ 2) Tax-exempt bonds - Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3) General obligation bonds - Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4) Grants - Notification of intent form for grant application or notice of grant award;
- ☐ 5) Cash Reserves - Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ 6) Other - Identify and document funding from all other sources.

**RESPONSE:** The source of funding for the proposed project will be a combination of a commercial loan, tax-exempt bonds, and cash reserves. Please see *Attachment Section B: Economic Feasibility, Question B* for documentation from the commercial lender, bond underwriter, and ELGSS's Chief Financial Officer.

C. Complete Historical Data Charts on the following two pages — **Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

*Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

# HISTORICAL DATA CHART

☒ Total Facility  
☐ Project Only

Give information for the last *three* (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year <u>2014</u>	Year <u>2015</u>	Year <u>2016</u>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) patient days	<u>10,479</u>	<u>10,374</u>	<u>10,334</u>
B. Revenue from Services to Patients			
1. Inpatient Services	\$ <u>4,844,395</u>	\$ <u>5,205,033</u>	\$ <u>4,680,750</u>
2. Outpatient Services	<u>402,188</u>	<u>444,026</u>	<u>606,868</u>
3. Emergency Services	<u>0</u>		
4. Other Operating Revenue (Specify) <u>admin, building rent, vending</u> gift, grant, uniforms	<u>40,555</u>	<u>14,963</u>	<u>47,769</u>
<b>Gross Operating Revenue</b>	\$ <u>5,287,138</u>	\$ <u>5,664,022</u>	\$ <u>5,335,387</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ <u>1,765,306</u>	\$ <u>1,949,531</u>	\$ <u>1,706,984</u>
2. Provision for Charity Care			
3. Provisions for Bad Debt	<u>30,000</u>	<u>20,000</u>	<u>15,000</u>
<b>Total Deductions</b>	\$ <u>1,795,306</u>	\$ <u>1,969,531</u>	\$ <u>1,721,984</u>
<b>NET OPERATING REVENUE</b>	\$ <u>3,491,832</u>	\$ <u>3,694,491</u>	\$ <u>3,613,403</u>
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	<u>952,865</u>	<u>1,016,770</u>	<u>1,066,154</u>
b. Non-Patient Care	<u>445,785</u>	<u>347,837</u>	<u>392,937</u>
2. Physician's Salaries and Wages	<u>23,100</u>	<u>23,600</u>	<u>21,600</u>
3. Supplies	<u>957,180</u>	<u>954,582</u>	<u>1,082,121</u>
4. Rent			
a. Paid to Affiliates			
b. Paid to Non-Affiliates			
5. Management Fees:			
a. Paid to Affiliates	<u>267,223</u>	<u>323,333</u>	<u>315,751</u>
b. Paid to Non-Affiliates			
6. Other Operating Expenses	<u>653,925</u>	<u>744,156</u>	<u>661,029</u>
<b>Total Operating Expenses</b>	\$ <u>3,300,078</u>	\$ <u>3,410,278</u>	\$ <u>3,539,592</u>
E. Earnings Before Interest, Taxes and Depreciation	\$ <u>191,754</u>	\$ <u>284,213</u>	\$ <u>73,811</u>
F. Non-Operating Expenses			
1. Taxes	\$ <u>291,415</u>	\$ <u>314,239</u>	\$ <u>308,757</u>
2. Depreciation	<u>124,478</u>	<u>121,741</u>	<u>120,770</u>
3. Interest	<u>5,478</u>	<u>13,999</u>	<u>3,539</u>
4. Other Non-Operating Expenses			
<b>Total Non-Operating Expenses</b>	\$ <u>421,371</u>	\$ <u>449,979</u>	\$ <u>433,066</u>
<b>NET INCOME (LOSS)</b>	\$ <u>(229,617)</u>	\$ <u>(165,766)</u>	\$ <u>(359,255)</u>

Chart Continues Onto Next Page

<b>NET INCOME (LOSS)</b>	\$ <u>(229,617)</u>	\$ <u>(165,766)</u>	\$ <u>(359,255)</u>
G. Other Deductions			
1. Annual Principal Debt Repayment	\$ <u>445,661</u>	\$ <u>456,344</u>	\$ <u>467,029</u>
2. Annual Capital Expenditure	<u>172,348</u>	<u>92,407</u>	<u>138,992</u>
<b>Total Other Deductions</b>	\$ <u>618,009</u>	\$ <u>548,751</u>	\$ <u>606,021</u>
<b>NET BALANCE</b>	\$ <u>(847,626)</u>	\$ <u>(714,517)</u>	\$ <u>(965,276)</u>
<b>DEPRECIATION</b>	\$ <u>291,415</u>	\$ <u>314,239</u>	\$ <u>308,757</u>
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	\$ <u>(556,211)</u>	\$ <u>(400,278)</u>	\$ <u>(656,519)</u>

☐ Total Facility

☐ Project Only

### HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	<u>Year<sup>2014</sup></u>	<u>Year<sup>2015</sup></u>	<u>Year<sup>2016</sup></u>
1. <u>Professional Services Contract</u>	\$ <u>653,925</u>	\$ <u>744,156</u>	\$ <u>661,029</u>
2. <u>Contract Labor</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
3. <u>Imaging Interpretation Fees</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
4. <u>  </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
5. <u>  </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
6. <u>  </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
7. <u>  </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Other Expenses</b>	\$ <u>653,925</u>	\$ <u>744,156</u>	\$ <u>661,029</u>

D. Complete Projected Data Charts on the following two pages - **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

*Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

# PROJECTED DATA CHART

☐ Total Facility  
☒ Project Only

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year <u>2017</u>	Year <u>2018</u>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	<u>8212</u>	<u>8760</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$4,223,903</u>	<u>\$5,038,571</u>
2. Outpatient Services	<u>                    </u>	<u>                    </u>
3. Emergency Services	<u>                    </u>	<u>                    </u>
4. Other Operating Revenue (Specify) <u>                                    </u>	<u>                    </u>	<u>                    </u>
<b>Gross Operating Revenue</b>	<b><u>\$4,223,903</u></b>	<b><u>\$5,038,571</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$1,543,214</u>	<u>\$1,840,568</u>
2. Provision for Charity Care	<u>                    </u>	<u>                    </u>
3. Provisions for Bad Debt	<u>                    </u>	<u>                    </u>
<b>Total Deductions</b>	<b><u>\$1,543,214</u></b>	<b><u>\$1,840,568</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$2,680,689</u></b>	<b><u>\$3,198,003</u></b>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>\$807,454</u>	<u>\$864,621</u>
b. Non-Patient Care	<u>\$214,579</u>	<u>\$233,158</u>
2. Physician's Salaries and Wages	<u>                    </u>	<u>                    </u>
3. Supplies	<u>                    </u>	<u>                    </u>
4. Rent	<u>\$605,781</u>	<u>\$758,496</u>
a. Paid to Affiliates	<u>                    </u>	<u>                    </u>
b. Paid to Non-Affiliates	<u>                    </u>	<u>                    </u>
5. Management Fees:		
a. Paid to Affiliates	<u>\$103,944</u>	<u>\$216,281</u>
b. Paid to Non-Affiliates	<u>                    </u>	<u>                    </u>
6. Other Operating Expenses	<u>\$233,735</u>	<u>\$260,974</u>
<b>Total Operating Expenses</b>	<b><u>\$1,965,493</u></b>	<b><u>\$2,333,530</u></b>
E. Earnings Before Interest, Taxes and Depreciation	<u>\$715,196</u>	<u>\$864,473</u>
F. Non-Operating Expenses		
1. Taxes	<u>\$                    </u>	<u>\$                    </u>
2. Depreciation	<u>\$112,504</u>	<u>\$160,721</u>
3. Interest	<u>\$227,933</u>	<u>\$224,786</u>
4. Other Non-Operating Expenses	<u>                    </u>	<u>                    </u>
<b>Total Non-Operating Expenses</b>	<b><u>\$340,437</u></b>	<b><u>\$385,507</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>\$374,759</u></b>	<b><u>\$478,966</u></b>

Chart Continues Onto Next Page



# PROJECTED DATA CHART

☒ Total Facility  
☐ Project Only

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year <u>2017</u>	Year <u>2018</u>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	<u>\$16,425</u>	<u>\$17,520</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$8,904,653</u>	<u>\$9,719,321</u>
2. Outpatient Services	<u>\$631,142</u>	<u>\$643,764</u>
3. Emergency Services		
4. Other Operating Revenue (Specify) admin, building rent, vending, Gift, grant, uniforms	<u>\$49,679</u>	<u>\$50,672</u>
<b>Gross Operating Revenue</b>	<b><u>\$9,585,474</u></b>	<b><u>\$10,413,757</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$3,250,198</u>	<u>\$3,547,552</u>
2. Provision for Charity Care		
3. Provisions for Bad Debt	<u>\$30,000</u>	<u>\$30,000</u>
<b>Total Deductions</b>	<b><u>\$3,280,198</u></b>	<b><u>\$3,577,552</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$6,305,276</u></b>	<b><u>\$6,836,205</u></b>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>\$1,905,592</u>	<u>\$1,962,759</u>
b. Non-Patient Care	<u>\$619,304</u>	<u>\$637,883</u>
2. Physician's Salaries and Wages	<u>\$22,464</u>	<u>\$23,138</u>
3. Supplies	<u>\$1,709,544</u>	<u>\$1,862,259</u>
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates		
5. Management Fees:		
a. Paid to Affiliates	<u>\$419,695</u>	<u>\$428,088</u>
b. Paid to Non-Affiliates		
6. Other Operating Expenses	<u>\$907,984</u>	<u>\$935,223</u>
<b>Total Operating Expenses</b>	<b><u>\$5,584,583</u></b>	<b><u>\$5,849,350</u></b>
E. Earnings Before Interest, Taxes and Depreciation	<u>\$720,693</u>	<u>\$986,855</u>
F. Non-Operating Expenses		
1. Taxes		
2. Depreciation	<u>\$421,261</u>	<u>\$469,478</u>
3. Interest	<u>\$354,292</u>	<u>\$347,645</u>
4. Other Non-Operating Expenses		
<b>Total Non-Operating Expenses</b>	<b><u>\$775,553</u></b>	<b><u>\$817,123</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>\$(54,860)</u></b>	<b><u>\$169,732</u></b>

Chart Continues Onto Next Page





- E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year - 2016	Current Year - 2017	Year One - 2017	Year Two - 2018	% Change (Current Year to Year 2)
<b>Gross Charge (Gross Operating Revenue/Utilization Data)</b>	\$ 545.98	\$ 516.29	\$583.59	\$594.39	15%
<b>Deduction from Revenue (Total Deductions/Utilization Data)</b>	\$ 189.85	\$ 166.63	\$199.71	\$204.20	23%
<b>Average Net Charge (Net Operating Revenue/Utilization Data)</b>	\$ 356.13	\$ 349.66	\$383.88	\$390.19	12%

- 2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

**RESPONSE:** The Applicant does not anticipate any changes to current charges as a result of the additional 30 Medicare/Medicaid-certified beds. The proposed rates reflect increases of 2% per year based on current rates. The Applicant's Current and Proposed Charge Schedules are as follows:

Payor	Current	2017	Year 1 2017	Year 2 2018	Year 3 2019
Private Pay	\$239-\$246	\$239-\$246	\$242.59-\$249.69	\$245.01-\$252.18	\$247.46-\$254.70
Medicaid	\$212.61	\$212.61	\$215.80	\$219.04	\$222.32
Medicare	\$422.86	\$422.86	\$429.20	\$435.64	\$442.18

*The proposed rate increases reflect 3% increase for private, 1.5% MD, 1.75% MA*

- 3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**RESPONSE:** Below is a chart of the charges of similar facilities in Cumberland County:

Applicant's Proposed Charges as Compared to Existing Facilities In Cumberland County							
	Medicare / Skilled Care	Medicaid/ TennCare Level 2	Medicaid/ TennCare Level 1	Private Level 2	Private Level 1	Semi-Private Level 2	Semi-Private Level 1
GSS-FFG	\$303	n/a	\$62	\$238	\$ 234	n/a	n/a
Life Care of Crossville	\$430	\$190	\$182	n/a	n/a	\$192	\$192
Wharton NH	n/a	n/a	n/a	n/a	\$214	n/a	\$200
Wyndridge	\$450	\$215	\$183	\$261	\$227	\$261	\$200
Sources: 2015 Joint Annual Reports							

- F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-FI. NOTE: Publicly held entities only need to reference their SEC filings.**

**RESPONSE:** The Applicant is projecting an average daily census of 22.5 patients or 8,212 patient days in Year 1, for an average annual occupancy rate of 75%. The Applicant projects an average daily census of 24 patients or 8,760 patient days in Year 2, for an average annual occupancy rate of 80%. The projected utilization is sufficient to render the project financially feasible as discussed below. The Applicant has made very conservative projections regarding occupancy when considering its historical deflection rates.

The project is economically feasible, and will produce positive operating revenue by Year Two. Although the Projected Data Chart for the entire 60-bed facility reflects a Net Operating Loss for Year One, the loss is only a "paper loss" and does not realistically reflect the economic feasibility of the project because of the amount of depreciation and interest. In addition, the Projected Data Chart for the 30-bed project only lists a Net Operating Income beginning in Year Two. Increasing utilization rates from year one to year two will generate positive operating revenue by year two and are projected to increase as over subsequent years.

In addition, ELGSS will provide funding as necessary to cover any operational losses. ELGSS will provide funding as necessary to cover any operational losses. As noted previously, ELGSS's financial statements for 2014 and 2015 are included with this application. Considering the available capital and viewed in light of accepted cash flow analysis, this project is economically feasible and will perform well financially.

- 2) Net Operating Margin Ratio - Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

**RESPONSE:** Please see the table below:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	0.0549	0.0769	0.0204	0.1143	0.1444

- 3) Capitalization Ratio (Long-term debt to capitalization) - Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

**RESPONSE:** The Capitalization ratio of Evangelical Lutheran Good Samaritan Society as based on the most recent financials is forty-eight (48%) percent.

- G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

**RESPONSE:** The Applicant is seeking the addition of 30 Medicare-certified beds. Although the Applicant is a non-profit corporation with a charitable mission, the CCRC model is not intended to serve the medically indigent. The Applicant anticipates that Year One revenues will consist of approximately 50% Medicare and 27% private pay.

Because the Applicant's facility is TennCare/Medicaid certified, it is correct that all beds in the facility will be certified for participation in the Medicaid program. Any applicant for new nursing home beds must apply for a certificate of need for those beds under the provisions of Section 68-11-1622 of the Tennessee Code Annotated (the "Code"). Subsection 68-11-1622(a) of the Code requires that the beds applied for "be certified as Medicare skilled nursing facility (SNF) beds." As noted in the application, the facility will certify these beds for participation in the Medicare program as SNF beds. However, because of the decision in *Linton v. Commissioner of Health & Environment*, 973 F.2d 1311 (6th Cir. 1992), a facility that participates in TennCare/Medicaid must certify all of its beds for TennCare/Medicaid. This is often referred to as the "one in, all in" rule. Because of the operation of this requirement, the requested beds additionally will be certified for Medicaid participation by operation of the "one in, all in" rule.

The Applicant's Projected Payor Mix for year 1 is below:

**Applicant's Projected Payor Mix, Year 1**

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$2,869,250	50%
TennCare/Medicaid	\$390,244	7%
Commercial/Other Managed Care	\$904,485	16%
Self-Pay [Private Pay]	\$1,540,155	27%
Charity Care		
Other (Specify) _____		
<b>Total</b>	<b>\$5,704,134</b>	<b>100%</b>

- H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

**RESPONSE:** The Facility's response comparing current and projected staffing is in the chart below:

Position Classification	Existing FTE's (2016)	Projected FTE's Year 1 (2017)	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
<b>A) Direct Patient Care Positions</b>				
Certified NA	9	16	10.82	\$22,390
LPN	4	7	18.79	\$36,673
RN	3	7	27.50	\$56,838
Nurse Manager	1	3	30.90	\$56,838
DNS	1	1	34.19	\$56,838
MDS	1	1	30.09	\$56,838
<b>Total Direct Patient Care Positions</b>	19	35		
<b>B) Non-Patient Care Positions</b>				
Quality Coordinator	-	1		\$52,245
Administrator	1	1		\$80,096
Resource Development	1	1	24.25	\$52,245
Nurse Educator	1	1	27.48	\$56,838
Receptionist	1	2	10.67	\$26,036
Drivers	1	1	10.12	\$22,566
Human Resources	1	1	22.40	\$36,612
Sales Professional	-	1	22.67	\$37,298
Social Services	1	2	16.39	\$50,743
HIM	1	2	17.26	\$31,943
Activity Director	1	2	14.17	\$28,498
Admission	1	1	21.09	\$26,036
Laundry	1	2	9.98	\$18,719
Housekeeping	1	1	9.98	\$18,719
Cook	1	2	12.04	\$20,870
Dietary Aid	2	3	9.49	\$18,721
Maintenance Director	1	1	25.91	\$36,292
Maintenance tech	1	2	12.50	\$24,112
Office managers	1	1	20.29	\$32,318
<b>Total Non-Patient Care Positions</b>	18	28		
<b>Total Employees (A+B)</b>	37	63		
<b>C) Contractual Staff</b>				
Therapy staff	5	11		
<b>Total Staff (a+b+c)</b>	42	74		

- I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
  - 1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

**RESPONSE:** The applicant has carefully considered its request to add 30 beds to its current facility pursuant to this Certificate of Need application, and an alternative does not exist. If the applicant foregoes the expansion and the need for its services continues to increase, the community, providers and consumers will suffer undue hardship. The CCRC model is unique and fills an important niche in the senior care consortium. It affords seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance, and a skilled nursing facility is a crucial component if the continuum of care.

- 2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

**RESPONSE:** As noted above, there are no feasible alternatives to additional beds. Further, because this certificate of need application is seeking to "replace" a previously granted CON (CN1407-031) that has expired, not seeking this CON would force the Facility to abandon a nearly complete project which had already been approved by the HSDA.

## **SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

- A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

**RESPONSE:** The Applicant has a transfer agreement in place with Cumberland Medical Center and agreements for health services with the following providers: Middle Tennessee Pharmacy Services, Hospice of Cumberland County, Caris Hospice, Covenant Health, Buckeye Home Medical Equipment, Dr. Elizabeth Petty (Medical Director), Mario Dickens, DPM, and Select Rehabilitation.

- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

- 1) Positive Effects

- 2) Negative Effects

**RESPONSE:** The project will have a positive effect on the health care system and fills a need for a care alternative and a continuum of care for seniors. As a CCRC, Good Samaritan - Fairfield Glade gives seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance, and the skilled nursing facility is a crucial component of the community. Currently, the need for nursing home beds exceeds the available supply in Cumberland County. The Applicant has attached several letters in support of the project and the facility.

As stated previously, there is only one other CCRC facility in Cumberland County (Uplands Village), which is located more than 30 minutes away (approximately 24 miles) in Pleasant Hill, Tennessee. In addition, the main sources of individuals for the facility will be internally generated

from within the Fairfield Glade community, both existing residents and their families, and future newcomers to the area. Thus, the internal generation of patients will limit its impact on existing providers, and it will therefore have no negative impacts on other providers.

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

**RESPONSE:** The existing Facility has experience in the market. The Applicant will add both clinical and administrative staff if the project is approved, not only to the expanded skilled nursing home, but also for the other components of the CCRC, including staff for an expanded assisted living unit. The Applicant does not anticipate any difficulties in staffing the expanded skilled nursing home and will pay wages to additional staff that are in-line with state medians for clinical staff.

- 2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

**RESPONSE:** The Applicant so verifies. The existing Facility has policies and procedures in place governing regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

- 3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

**RESPONSE:** The Applicant has entered into an Affiliation Agreement with Tennessee Technological University for the training of nursing, allied health, health information technology and EMT students. In addition, the Applicant has an Affiliation Agreement with the Tennessee Technology Center at Crossville to train and provide experience for students in the practical nursing program.

- D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: Nursing Home License Number 389

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): Medicare Certified 44-5506

Accreditation (i.e., Joint Commission, CARF, etc.): N/A

- 1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

**RESPONSE:** The Facility is currently in good standing with all licensing, certifying and accrediting agencies. Please see Attachment Section B: Contribution to the Orderly Development of Health Care – D(1) – Facility License for a copy of the current facility license.

- 2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

**RESPONSE:** A copy of the most recent Statement of Deficiencies for the Facility is included at Attachment Section B: Contribution to the Orderly Development of Health Care – D(2) – Facility Survey Reports. All cited deficiencies have been corrected.

- 3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

**RESPONSE:** The Facility has had no inspections during the last three survey cycles that have resulted in any of the noted penalties or sanctions.

- a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

**RESPONSE:** Not applicable. The Facility had corrected any noted deficiencies quickly and maintains a quality improvement and staff training program that provides the support necessary to correct and prevent deficiencies to the extent possible.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- 1) Has any of the following:

- a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

- b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

- c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

- 2) Been subjected to any of the following:

- a) Final Order or Judgment in a state licensure action;

- b) Criminal fines in cases involving a Federal or State health care offense;

- c) Civil monetary penalties in cases involving a Federal or State health care offense;

- d) Administrative monetary penalties in cases involving a Federal or State health care offense;

- e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

- f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

- g) Is presently subject off/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

- h) Is presently subject to a corporate integrity agreement.



**RESPONSE:** With respect to Question E above, the Applicant states that its parent and affiliates are routinely subject to investigations, regulatory actions, and are parties in various civil action as a normal course of business within the regulated health care industry. To the best of the Applicant's knowledge and based on the interpretation of the events listed in E(1-2) the Applicant states that no person(s) or entity listed within the scope of E(1-2) above has been subject to any of the events or sanctions listed in the question, except as follows:

Attachment Section B: Contribution To The Orderly Development Of Health Care – E – Sanction and Penalty Reports.

**F. Outstanding Projects:**

- 1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

**RESPONSE:** Not applicable. The Applicant and its parent have no outstanding projects.

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	

\* Annual Progress Reports - HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

- 2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

**RESPONSE:** Not applicable.

G. Equipment Registry - For the applicant and all entities in common ownership with the applicant.

**RESPONSE:** Not applicable.

- 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?
- 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?
- 3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission?

#### **SECTION B: QUALITY MEASURES**

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

**RESPONSE:** If approved, the Applicant will provide the Tennessee Health Services and Development Agency, and any other state agency when required, with information concerning the number of patients treated, the number and type of procedures performed, proscribed quality measures, and other data as required or requested. The Applicant also intends to provide all information requested by applicable regulations, including but not limited to the information provided through the yearly Joint Annual Report for Nursing Homes to the Department of Health.

#### **SECTION C: STATE HEALTH PLAN QUESTIONS**

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning> ). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

- A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.
- B. People in Tennessee should have access to health care and the conditions to achieve optimal health.
- C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.
- D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.
- E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

## RESPONSE:

### Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan.

1. *Healthy Lives: The purpose of the State Health Plan is to improve the health of Tennesseans.*

**RESPONSE:** While this principle focuses mainly on the goals and strategies that support health policies and programs at the individual, community and state levels that will help improve the health status of Tennesseans, this project is consistent in that it supports a continuum of care model where patients will be able to receive intensive skilled nursing care and rehabilitative services within the community in which they live. The Applicant's campus design provides the most effective care in a person-centered environment, which is also the least-restrictive and least-costly option available, where the individual can live the healthiest life possible.

The project will further the Applicant's ability to provide state of the art long term care services. In addition, the Applicant reports extensive quality measures as part of its involvement in the Medicare program. The Applicant has an ongoing quality improvement program to monitor and improve patient outcomes. These outcomes are regularly reported as part of public reporting requirements for all nursing homes.

2. *Access to Care: Every citizen should have reasonable access to health care.*

**RESPONSE:** The Applicant's healthcare model targets patients that are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services and provides a continuum of care for residents of the CCRC. The majority of all patients placed in nursing homes from the acute care setting are Medicare beneficiaries. Since Medicare is a federal insurance program covering individuals age 65 and older, as well as disabled individuals below this threshold age, access to long term care Medicare beds is a function of bed availability in the market. As stated previously, the Applicant continuously experiences patient deflections due to the unavailability of beds. The project will provide greater access to health care for Medicare beneficiaries and reduce the Applicant's deflection activity.

3. *Economic Efficiencies: The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.*

**RESPONSE:** The Applicant's project speaks to the very heart of this principle at several levels. By assuring that the appropriate level of care and health care beds are available, when needed, the state's health care system will be able to keep cost to their lowest level possible by making sure patients are able to utilize services at the lowest level of care possible (skilled nursing versus an acute care setting).

The Applicant provides transparent cost information to all prospective and current residents and promotes a competitive environment for the purchase of long term care services. As a CCRC, it provides the community with choices of different models to meet its members' long term care needs.

4. *Quality of Care: Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.*

**RESPONSE:** A The Applicant's facility is a long term care provider that is surveyed both at the State and Federal levels. Through various sources, including the Medicare.gov website and the Nursing Home Compare data sets, consumers can now compare and research long term care

providers, home care providers and acute care providers. The Applicant compares favorably both at the state and national level on these measurements. The Applicant is dedicated to providing quality care to residents of its service area. The Facility has had recent deficiency-free surveys and has a continuous excellent record of compliance with regulatory standards.

5. Health Care Workforce: *The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.*

**RESPONSE:** Ultimately, the construction of the expanded skilled nursing facility will allow the existing CCRC campus to expand and develop its assisted living and other components. That new expansion will result in a net increase in health care employment opportunities in the community. Moreover, the Facility will pay wages and offer benefits that are in-line with the prevailing rates of other employment opportunities in the community.

## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

## NOTIFICATION REQUIREMENTS

### (Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

## DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

## PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		April 2017
2. Architectural and engineering contract signed	—	March 3, 2014
3. Construction documents approved by the Tennessee Department of Health	5	May 2017
4. Construction contract signed	—	March 2015
5. Building permit secured	—	March 2015
6. Site preparation completed	—	May 2015
7. Building construction commenced	—	June 2015
8. Construction 40% complete	—	April 2016
9. Construction 80% complete	—	January 2017
10. Construction 100% complete (approved for occupancy)	35	May 2017
11. *Issuance of License	49	June 2017
12. *Issuance of Service	50	June 2017
13. Final Architectural Certification of Payment	65	July 2017
14. Final Project Report Form submitted (Form HR0055)	80	July 2017

\*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

**NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date**

**AFFIDAVIT**

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

\_\_\_\_\_, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

\_\_\_\_\_  
SIGNATURE/TITLE

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ a Notary  
(Month) (Year)

Public in and for the County/State of \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires \_\_\_\_\_  
(Month) (Year)

## Attachment Section A-4A

Corporate Charter/Articles of Incorporation  
and  
Proof of Active Status from the  
TN Secretary of State  
for Good Samaritain Society – Fairfield Glade





**Tre Hargett**  
Secretary of State

**Division of Business Services**  
**Department of State**  
**State of Tennessee**  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

## Filing Information

Name: **THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY**

### General Information

<b>SOS Control #</b>	<b>000558660</b>	Formation Locale:	NORTH DAKOTA
Filing Type:	Nonprofit Corporation - Foreign	Date Formed:	09/29/1922
	09/14/2007 9:15 AM	Fiscal Year Close	12
Status:	Active		
Duration Term:	Perpetual		
Public/Mutual Benefit:	Public		

**Registered Agent Address**  
C T CORPORATION SYSTEM  
STE 2021  
800 S GAY ST  
KNOXVILLE, TN 37929-9710

**Principal Address**  
4800 W 57TH ST  
SIOUX FALLS, SD 57108-2239

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
02/22/2016	2015 Annual Report	B0199-8368
03/17/2015	2014 Annual Report	B0068-6351
01/27/2014	2013 Annual Report	A0210-1822
03/11/2013	2012 Annual Report	A0160-2166
08/08/2012	Assumed Name Renewal	7082-2711
Assumed Name Changed From: GOOD SAMARITAN SOCIETY-FAIRFIELD GLADE To: GOOD SAMARITAN SOCIETY-FAIRFIELD GLADE		
Expiration Date Changed From: 09/14/2012 To: 08/08/2017		
03/09/2012	2011 Annual Report	A0107-1499
Principal Postal Code Changed From: 57108 To: 57108-2239		
03/11/2011	2010 Annual Report	A0060-2089
10/29/2010	Registered Agent Change (by Agent)	6787-1168
Registered Agent Organization Name Changed From: C T CORPORATION SYSTEM To: CT CORPORATION SYSTEM		
Registered Agent Physical Address 1 Changed From: 530 GAY ST To: 800 S GAY ST		
Registered Agent Physical Address 2 Changed From: No Value To: STE 2021		
Registered Agent Physical Postal Code Changed From: 379020000 To: 37929		

2/6/2017 12:41:45 PM

Page 1 of 2

## Filing Information

Name: **THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY**

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02/16/2010	2009 Annual Report	A0006-1308
01/27/2009	2008 Annual Report	6428-2697
01/28/2008	2007 Annual Report	6197-0620
09/14/2007	Initial Filing	6128-1947
09/14/2007	Assumed Name	6128-1951

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**Active Assumed Names (if any)**

GOOD SAMARITAN SOCIETY-FAIRFIELD GLADE

<b>Date</b>	<b>Expires</b>
09/14/2007	08/08/2017

## Attachment Section A-6A

### Documentation of Legal Interest in Proposed New Facility Site – Deed and Land Agreement

Return after recording to:

Joe M. Looney, Esq.  
Looney & Looney  
156 Rector Avenue  
P.O. Box 1250  
Crossville, TN 38557

This instrument was prepared by:

Michael J. Zenner, Esq.  
Weinstock & Scavo, P.C.  
3405 Piedmont Road, N.E.  
Suite 300  
Atlanta, GA 30305

State of Tennessee  
County of Cumberland

Reference  
Deed Book 1006, Page 1986

### LAND RESTRICTION PLAN

This Land Restriction Plan (hereinafter the "Land Restriction Plan") is made this 5th day of November, 1997 by Fairfield Communities, Inc., a Delaware corporation, with the agreement of Fairfield Glade Community Club, a Tennessee non-profit corporation.

### W I T N E S S E T H:

**WHEREAS**, Fairfield Glade is a resort/retirement community created pursuant to that certain Declaration of Covenants and Restrictions for Fairfield Glade recorded in Book 99, Page 370, in the Office of the Register of Deeds for Cumberland County, Tennessee (the "Original Declaration");

**WHEREAS**, said Original Declaration has been amended by that certain First Amendment to Declaration of Covenants and Restrictions recorded in Deed Book 161, Page 313, aforesaid records; by that certain Second Amendment to Declaration of Covenants and Restrictions recorded in Deed Book 259, Page 108, as revised pursuant to that certain Agreed Decree dated August 17, 1984 and filed of record on August 20, 1984; by that certain Third Amendment to the Declaration of Covenants and Restrictions recorded in Deed Book 325, Page 59, aforesaid records; and by that certain Conformed and Restated Declaration of Covenants and Restrictions recorded in Deed Book 351, Page 710, aforesaid records;

**WHEREAS**, said Original Declaration has been further amended by that certain Amended and Restated Declaration of Covenants and Restrictions for Fairfield Glade recorded at Deed Book 1006, Page 1986, aforesaid records (hereinafter, as amended or supplemented, the "1997 Declaration");

**WHEREAS**, Fairfield Communities, Inc. (hereinafter the "Declarant") is the "Declarant" as said term is used and defined in the 1997 Declaration;

BOOK 1006 PAGE 2120

L + L

**WHEREAS**, Fairfield Glade Community Club (hereinafter the "Club") is the "Club" as said term is used and defined in the 1997 Declaration;

**WHEREAS**, Declarant is the owner of certain Additional Property described on Schedule "A" attached hereto and incorporated herein by this reference (hereinafter the "Additional Property");

**WHEREAS**, pursuant to Article III, Section 1 of the 1997 Declaration, the Declarant and any Non-Declarant Developer (as said term is defined in the 1997 Declaration) have the right, privilege and option (but not the obligation) from time to time and at any time to subject to the provisions of the 1997 Declaration and the jurisdiction of the Club all or any portion of the Additional Property by filing with the Register of Deeds of Cumberland County, Tennessee, a Supplemental Declaration annexing such property;

**WHEREAS**, pursuant to Article III, Section 1 of the 1997 Declaration, all Additional Property so submitted to the terms and provisions of the 1997 Declaration becomes automatically subject to the terms of a Land Restriction Plan to be adopted by Declarant for the benefit of the Club and its Members;

**WHEREAS**, pursuant to Article II, Section 2 of the 1997 Declaration, the Declarant desires to adopt this Land Restriction Plan for the purpose of imposing certain conditions and restrictions on the use and development of the Additional Property if and to the extent such Additional Property is made subject to the 1997 Declaration;

**WHEREAS**, The Club has agreed to the adoption of this Land Restriction Plan;

**NOW, THEREFORE**, the Declarant, as owner of the Additional Property, hereby subjects the Additional Property to the terms and provisions of this Land Restriction Plan if and to the extent such Additional Property is made subject to the 1997 Declaration through the filing of a Supplemental Declaration in the Office of the Register of Deeds for Cumberland County, Tennessee. Upon the filing of such a Supplemental Declaration, all Additional Property therein described and thereby subjected to the terms and provisions of the 1997 Declaration shall also be subjected to this Land Restriction Plan and shall thereafter be held, sold and conveyed subject to the terms, conditions and restrictions set forth herein. To the extent Additional Property is not subjected to the 1997 Declaration through the filing of a Supplemental Declaration, such Additional Property shall not be subject to the terms, conditions and restrictions of this Land Restriction Plan.

1. **Preamble**. The preamble set forth above is incorporated herein by this reference and made a part of this Land Restriction Plan.

2. **Definitions**. For purposes of this Land Restriction Plan, the following terms shall have the meanings set forth below:

BOOK 1006 PAGE 2121

(a) Single-Family Residential Development shall mean and refer to the construction and development of Single-Family Detached Structures intended for use and occupancy as a residence by a single Family. Single-Family Residential Development shall not include Living Units subject to Interval Ownership.

(b) Multi-family Residential Development shall mean and refer to the construction and development of Multi-family Structures and/or Single Family Attached Structures. Except as otherwise provided in paragraph 3(b) hereof, Multi-family Residential Development may, but need not, include Living Units subject to Interval Ownership.

(c) Commercial Development shall mean and refer to the construction and development of structures intended for business, professional and/or commercial use.

(d) Minimum Setback Distance shall mean and refer to that distance measured at a right angle from the property line and/or the right-of-way line of a dedicated road to that portion of a structure located closest to said line(s).

(e) Net Acre shall mean gross acre less dedicated roads, right-of-way and Common Area.

All other capitalized terms used in this Land Restriction Plan and the Preamble hereto shall have the meanings set forth in 1997 Declaration.

### **3. Restrictions on Use and Development.**

(a) Those portions of the Additional Property identified and described as Parcels A-1 through A-30 on Schedule "A" attached hereto which are made subject to the 1997 Declaration through the filing of a Supplemental Declaration shall be restricted to Single Family Residential Development. Said Parcels are shaded orange on that certain color-coded map of the Fairfield Glade Development, duplicate originals of which are on file at the offices of the Club and the Declarant (hereinafter the "Fairfield Glade Map"). Notwithstanding the foregoing, it is acknowledged that a portion of Parcel A-28 may be used as a source of top soil and/or for the disposal of non-hazardous construction materials. Declarant, and its successors and assigns, agree to maintain any such areas and to maintain existing trees and other natural vegetation along the boundaries of any such areas so as to screen such areas from the view of surrounding properties.

(b) Those portions of the Additional Property identified and described as Parcels B-1 through B-8 on Schedule "A" attached hereto which are made subject to the 1997 Declaration through the filing of a Supplemental Declaration shall be restricted to Single-Family Residential Development and Multi-family Residential Development; provided, however, that no Living Units subject to Interval Ownership shall be permitted on those portions of the Additional Property identified and described as Parcels B-2 through B-8 on Schedule "A" attached hereto which are made subject to the 1997 Declaration through the filing of a

BOOK 1006 PAGE 2122

Supplemental Declaration. Parcels B-1 through B-8 are shaded green on the Fairfield Glade Map. Notwithstanding the foregoing, it is acknowledged that Parcel B-7 is presently used and may continue to be used for the disposal of non-hazardous construction materials. Declarant, and its successors and assigns, agree to maintain said Parcel and to maintain existing trees and other natural vegetation along the boundaries of said Parcel so as to screen said Parcel from the view of surrounding properties.

(c) Those portions of the Additional Property identified and described as Parcels C-1 through C-10 on Schedule "A" attached hereto which are made subject to the 1997 Declaration through the filing of a Supplemental Declaration shall be restricted to Single-Family Residential Development, Multi-Family Residential Development and Commercial Development; provided, however, that no Living Units subject to Interval Ownership shall be permitted on those portions of the Additional Property identified and described as Parcels C-1, C-2, C-3, C-5, C-6, C-9 and C-10 on Schedule "A" attached hereto which are made subject to the 1997 Declaration through the filing of a Supplemental Declaration. Parcels C-1 through C-10 are shaded pink on the Fairfield Glade Map.

(d) Notwithstanding subsections 3(a), 3(b) and 3(c) hereof, golf courses, swimming pools, tennis courts, other recreational facilities, and churches may be constructed on any portion of the Additional Property made subject to the 1997 Declaration through the filing of a Supplemental Declaration, subject to the prior written consent of the Club, acting by and through its Board of Directors, provided such consent shall not be unreasonably withheld. Utility facilities (including, without limitation, water, electric, gas, sewage, telephone and cable TV) may also be constructed on any portion of the Additional Property made subject to the 1997 Declaration through the filing of a Supplemental Declaration; subject, however, to the terms and provisions of the 1997 Declaration.

#### 4. Development Criteria.

(a) Single Family Residential Development. All Single Family Residential Development commenced or maintained on Additional Property made subject to the 1997 Declaration shall be subject to and comply with the following development criteria:

- (i) Maximum number of Lots Per Gross Acre per Subdivision: 2-1/2.
- (ii) Minimum Finished Heated Floor Area (excluding attached garage): 1,200 square feet.
- (iii) Maximum Number of Stories: 2 1/2.
- (iv) Minimum Setback Lines:
  - (a) Dedicated roads/streets: 30 feet.
  - (b) Side and rear Lot Lines: 10 feet.(Subject to Article XIII, Section 6 of 1997 Declaration.
- (v) Minimum Off Street Parking Per Dwelling Unit: 2.

(b) Multi-Family Residential Development. All Multi-family Residential Development commenced or maintained on Additional Property made subject to the 1997 Declaration shall be subject to the following development criteria:

- (i) Maximum Density: 8 Living Units per Net Acre.
- (ii) Maximum Coverage of Lot by All Buildings Excluding Carports: 45%.
- (iii) Maximum Number of Stories: 2 1/2.
- (iv) Minimum Heated Finished Floor Area: 900 square feet.
- (v) Minimum Off Street Parking Per Living Unit: 2.
- (vi) Minimum Building Setback Lines:
  - (a) Dedicated roads/streets: 30 feet.
  - (b) Side and rear property lines: 10 feet(Subject to Article XIII, Section 6 of the 1997 Declaration)
- (viii) Exterior Architectural Design and Landscape Plan: Shall be consistent and compatible with existing multi-family development in Fairfield Glade.

(c) Commercial Development. All Commercial Development commenced or maintained on Additional Property made subject to the 1997 Declaration shall be subject to and comply with the following development criteria:

- (i) Minimum Setback (all sides): 30 feet.
- (ii) Maximum Number of Stories: 2.
- (iii) Minimum Off Street Parking: Sufficient to satisfy predicted peak demand based on size and type of use.
- (iv) Exterior Architectural Design and Landscape Plan: Shall be consistent and compatible with existing commercial development in Fairfield Glade.

(d) Water System. The water system shall be constructed in accordance with Article VI, Section 1 of the 1997 Declaration.

(e) Roads and Streets. The roads and streets shall be constructed in accordance with Article VI, Section 3 of the 1997 Declaration.

(f) Variances. All setbacks imposed by this Section 4 shall be subject to variances, if any, granted by the Cumberland County Planning Commission in respect to those parcels of land designated as "Reserved Property" on Subdivision Plats filed of record as of the Effective Date of this Land Restriction Plan. Furthermore, in those cases where the setback requirements imposed by this Section 4 operate to create an undue hardship, the Board of



Directors of the Club shall have the authority, to the extent permitted by law, to grant variances as necessary to alleviate the hardship.

5. **Enforcement.** Any violation or breach of this Land Restriction Plan shall be and constitute a violation of the 1997 Declaration and the Club shall have all of the enforcement rights, powers and remedies set forth in the 1997 Declaration, including, without limitation, those set forth in Article XIV, Section 2 thereof. All costs incurred by the Club in enforcing this Land Restriction Plan, including, without limitation, reasonable costs and attorney's fees, shall be paid by the violating Owner and shall be collectible by suit, judgment, lien and foreclosure as provided in Article VIII of the 1997 Declaration.

6. **Application of Land Restriction Plan.** Notwithstanding anything to the contrary stated herein, the terms, conditions and restrictions of this Land Restriction Plan (including any amendments or supplements thereto) shall not apply to any Exhibit "A" Properties (as said term is defined in the 1997 Declaration) which are subject to the 1997 Declaration as of the Effective Date thereof, nor shall such terms, conditions and restrictions apply to any Additional Property which is not made subject to the 1997 Declaration after the Effective Date thereof through the filing of a Supplemental Declaration, it being intended that this Land Restriction Plan apply only to Additional Property which is made subject to the 1997 Declaration through the filing of a Supplemental Declaration after the Effective Date thereof.

7. **Covenants Running With the Land.** The covenants, conditions, restrictions and other provisions contained herein shall constitute covenants running with the land and shall be binding upon all present and future owners of Additional Property made subject to the 1997 Declaration.

8. **Future Conveyances.** Each and every future owner of property submitted to the terms of this Land Restriction Plan, by acceptance of a deed therefor, acknowledges the validity of this Land Restriction Plan and its binding effect upon him regardless of whether or not express mention thereof is made in such deed or in any other conveyancing documents.

9. **No Waiver of Default.** No failure by the Club or the Declarant at any time or from time to time, to enforce and require the strict keeping and performance of any of the terms and conditions of this Land Restriction Plan shall be construed or act as a waiver of any such terms or conditions at any future time and shall not prevent such party from insisting upon the strict keeping and performance of the same at any later time.

10. **Severability.** The provisions of this Land Restriction Plan are severable and the invalidity of one or more of the provisions shall not affect the validity or enforcement of any other provision.

11. **Rescission, Modification, Amendment.** This Land Restriction Plan may not be rescinded, modified or amended, in whole or in part, except by an instrument in writing signed

BOOK 1006 PAGE 2125



By execution hereinbelow, the Club agrees to the adoption of the foregoing Land Restriction Plan.

**FAIRFIELD GLADE COMMUNITY CLUB**  
a Tennessee nonprofit corporation

By: Thomas Lawson  
Thomas Lawson, President

Attest: Bill Carter  
Bill Carter, Secretary

[SEAL]

ACKNOWLEDGMENT

State of Tennessee            )  
  ) SS.  
County of Cumberland        )

Before me, the undersigned authority, a Notary Public in and for said State and County, personally appeared Thomas Lawson and Bill Carter, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged themselves to be the President and Secretary of Fairfield Glade Community Club, a Tennessee non profit corporation, and that they as such officers, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by themselves as such officers.

WITNESS my hand and seal of office this 5th day of November, 1997.

Patricia L. Davis  
Notary Public



BOOK 1006      PAGE 2127

## Attachment Section A-6B-1(a-d)

### Plot Plan for Project Site

Skilled Nursing C.O.N.  
30 Beds

Existing Phase 1  
30 Beds Skilled Nursing

Property Line

Existing Cottages

Site Area - 23 Acres

GSS - Fairfield Glade



62

JUL 14 1992

## Attachment Section A-6B-2

### Floor Plan Drawing for the Facility

**Skilled Nursing C.O.N.  
30 Beds**

LEGEND
INDEPENDENT LIVING
SKILLED NURSING
COMMUNITY CENTER
ASSISTED LIVING
EXISTING FACILITY

NURSING FIRST FLOOR

Existing Phase 1  
30 Beds Skilled Nursing

AL GROUND LEVEL

Existing Phase 1  
Assisted Living

NURSING  
FIRST FLOOR

Existing Phase 1  
Apartments

COMMONS FIRST FLOOR

IL EAST GROUND FLOOR

IL WEST FIRST FLOOR

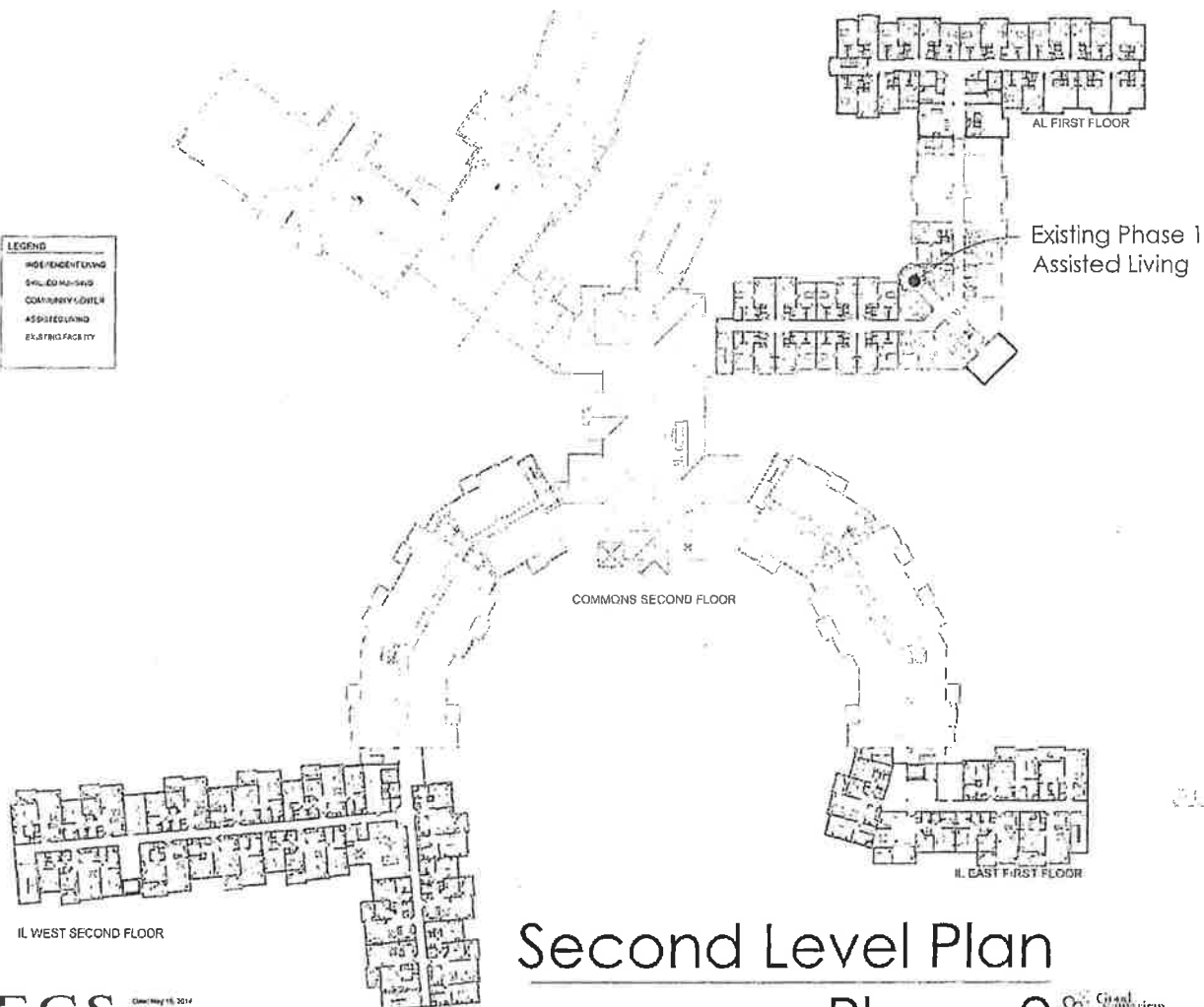
**SFCs**

July 18, 2010  
Construction of 127200  
Scale: 1/8" = 1'-0"

# First Level Plan Phase 2

Good Samaritan  
Society  
Educational Center

LEGEND
INDEPENDENT LIVING
SKILLED NURSING
COMMUNITY CENTER
ASSISTED LIVING
EXISTING FACILITY



66

01.16.14-9-815

SFCS

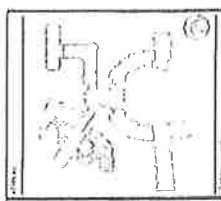
Drawn by: 11.2014  
 Checked by: 11.2014  
 Scale: 1/8" = 1'-0"

## Second Level Plan Phase 2

Coastal  
 Senior  
 Space  
 11.2014

A-17





67

PROJECT  
REDEVELOPMENT  
1001 E. 7th St.  
LONG BEACH, CA

**Good Shepherd  
Hospital**  
Hospital Building

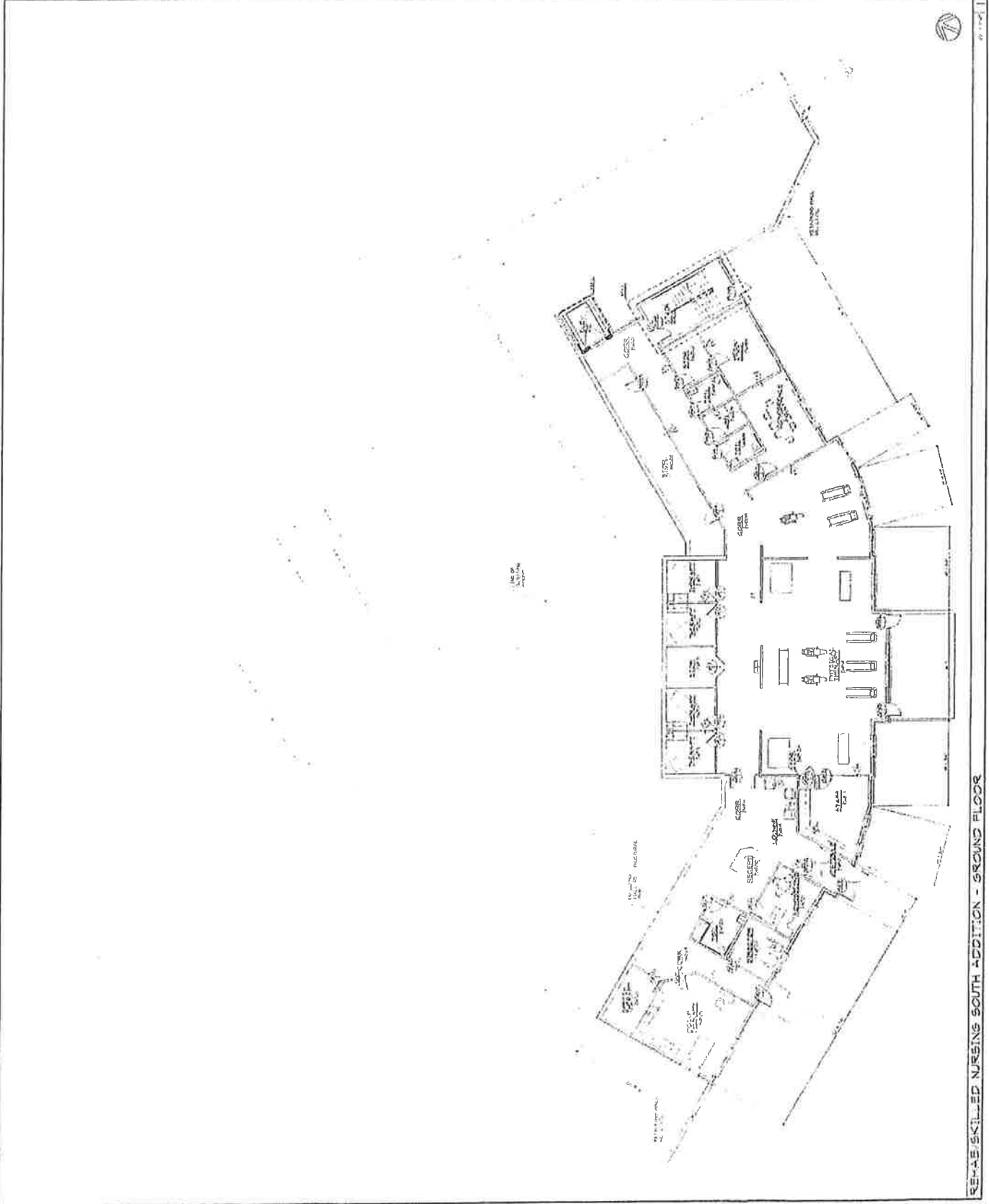
**SFCS**  
SFCS Inc. • 305 South Jackson Street  
Long Beach, CA 90802  
Tel: 562.594.8888 • Fax: 562.594.8813  
www.sfcs.org

PROJECT DESIGN: [blank]  
ARCHITECT: [blank]  
DATE: [blank]  
SCALE: [blank]  
SHEET NO.: [blank]  
SHEET TOTAL: [blank]

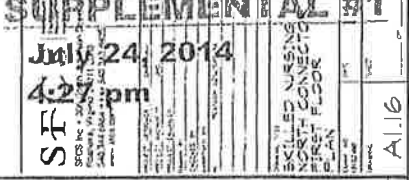
REHAB/SKILLED  
NURSING SOUTH  
ADDITION SOUTH  
FLOOR PLAN

DATE: [blank]  
BY: [blank]  
CHECKED: [blank]  
APPROVED: [blank]

**A1.12**



REHAB/SKILLED NURSING SOUTH ADDITION - GROUND FLOOR



EMILIED NURSING NORTH CONNECTOR ADDITION FIRST FLOOR



1. The first part of the paper is devoted to a review of the literature on the effects of the 1997-1998 Asian financial crisis on the economies of the Asian countries. The second part of the paper is devoted to a review of the literature on the effects of the 1997-1998 Asian financial crisis on the economies of the Asian countries. The third part of the paper is devoted to a review of the literature on the effects of the 1997-1998 Asian financial crisis on the economies of the Asian countries.

DESIGN  
DETAILS FOR  
NOTES  
CONSTRUCTION

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Society  
Library

**STCS**  
STCS Inc. • 206 South Johnston St.  
Riverside Virginia 24211-2023  
540/344-6554 • Fax 540/344-6225  
www.stcs.com

RETAKEN  
NURSING SOUTH  
ADDITION FIRST  
FLOOR PLAN

A.1.3

## Attachment Section B- Need-Question A

### Responses to Guideline for Growth and Health Plan Criteria

**In addition, the Applicant provides the following additional responses to describe the relationship of the Applicant's proposal project and in consistency with the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.**

## **NEED**

1. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.

### **Responses to Criteria for Construction, Renovation, Expansion, and Replacement of Health Care Institutions**

1. **Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.**

**RESPONSE:** The Applicant is requesting CON approval to add additional beds to its existing skilled nursing facility. Those beds are reviewed under the nursing home bed specific criteria, and the responses to those criteria are below.

2. **For relocation or replacement of an existing licensed health care institution:**

- a. **The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.**

**RESPONSE:** Not applicable. The Application does not propose the relocation or replacement of an existing facility.

- b. **The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.**

**RESPONSE:** Not applicable. The Application does not propose the relocation or replacement of an existing facility.

3. **For renovation or expansions of an existing licensed health care institution:**

- a. **The applicant should demonstrate that there is an acceptable existing demand for the proposed project.**

**RESPONSE:** According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need

formula, Cumberland County currently has and will continue to have a significant bed need, as reflected in the table below:

Cumberland County Age-Formula/Year	2016 Pop.	2016 Need	2017 Pop.	2017 Need	2018 Pop.	2018 Need	2019 Pop.	2019 Need	2020 Pop.	2020 Need
0-64 (x .0005)	42,039	21	42,156	21	42,268	21	64,687	32	65,575	33
65-74 (x .0120)	11,642	140	11,966	144	12,175	146	7,727	93	7,471	90
75-84 (x .0600)	6,250	375	6,632	398	7,122	427	5,962	358	6,008	360
85+ (x .1500)	1,979	297	2,093	314	2,213	332	1,767	265	1,827	274
<b>TOTAL NEED</b>	<b>61,910</b>	<b>833</b>	<b>62,847</b>	<b>877</b>	<b>63,778</b>	<b>927</b>	<b>80,143</b>	<b>748</b>	<b>80,881</b>	<b>757</b>
<b>Existing Cumberland Cty</b>										
Country Place Health Care Center		122		122		122		122		122
Wharton Nursing Home		62		62		62		62		62
WyndRidge Health and Rehabilitation Center		157		157		157		157		157
Good Samaritan FFG		30		30		30		30		30
<b>Total Existing Beds</b>		<b>371</b>		<b>371</b>		<b>371</b>		<b>371</b>		<b>371</b>
<b>BED NEED</b>		<b>329</b>		<b>340</b>		<b>356</b>		<b>367</b>		<b>377</b>
<b>Net Bed Need Change</b>				12		16		11		9

In 2017, the first year of operation, Cumberland County is projected to need an additional 329 nursing home beds (net need minus existing beds), and in 2018 the second year of operation, the net bed need is projected to be 340. This net nursing home bed need is projected to grow consistently in Cumberland County over the next several years, increasing the unmet bed need by almost 10 beds per year through 2020 as that population ages. The statistical analysis supports that this criteria is met and there is an existing and future demand for the project. Additional nursing beds are required to ensure that Cumberland County and Fairfield Glade senior citizens are properly served.

**b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.**

**RESPONSE:** Because the Applicant's existing facility is a continuing care retirement center model, a skilled nursing facility with appropriate capacity is crucial to the success of its CCRC model. This comprehensive continuum of services will allow individuals to "age in place" within the community that they have made the choice to call home. The comprehensive development concept avoids dislocation of that individual from their friends, spouse, or church community when their health needs require additional services, or care in a residential health care facility.

The Applicant has completed expansion of its independent and assisted living components because of high demand. With the addition of 30 beds to the existing skilled nursing facility, the Applicant can ensure sufficient capacity to avoid such dislocation of individuals from the community. As noted above the Guidelines for Growth show that Cumberland County is under-bedded for nursing home beds and indicate a net current need for 329 additional beds in Cumberland County.

Moreover, the Applicant has experienced a historic record of “deflection activity” where is has had to turn away individuals wanting placement. The chart below illustrates that historic deflection activity:

Month/Year	Total Referrals	Total Denials	Denials Due to Bed Unavailability
July-December 2014	181	78	54
Jan-December 2015	383	198	133
Jan-16	28	6	4
Feb-16	34	14	9
Mar-16	36	13	3
Apr-16	37	23	14
May-16	43	25	12
Jun-16	33	19	7
Jul-16	31	18	10
Aug-16	29	11	9
Sep-16	32	16	12
Oct-16	32	28	20
Nov-16	29	10	8
Dec-16	42	23	15
Jan-December 2016	406	206	123

As noted, in the most recent year, the Facility turned away 123 prospective patients as a result of bed unavailability, which has been a consistent pattern over several years. Additionally, the Facility needs to expand because there are no healthcare facilities or senior housing communities with supportive services in Fairfield Glade. All of the available medical and long-term care services are located elsewhere in Cumberland County, mainly Crossville, which is 10-15 miles away. While Uplands Village also serves Cumberland County residents at its CCRC, it is located approximately 24 miles from the Applicant.

Without the expansion, there is no existing space that the Applicant can use to establish the additional 30 beds. The expansion will also create a connector between the eastern and western wings of the existing skilled nursing facility to increase the residents' access to other parts of the skilled nursing facility, including the proposed area for outpatient rehabilitation.

**Responses to Criteria for Application to General Criterion and Standards and 2014 State Health Plan Criteria for Nursing Home Beds**

**Standards and Criteria**

1. Determination of Need. The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

*Need=*

*.0005 x population 65 and under, plus*

*.012 x population 65-74, plus*

*.060 x population 75-84, plus*

*.150 x population 85 +*

**RESPONSE:** According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula, Cumberland County currently has and will continue to have a significant bed need, as reflected in the table below:

Cumberland County Age-Formula/Year	2016 Pop.	2016 Need	2017 Pop.	2017 Need	2018 Pop.	2018 Need	2019 Pop.	2019 Need	2020 Pop.	2020 Need
0-64 (x .0005)	42,039	21	42,156	21	42,268	21	64,687	32	65,575	33
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<b>TOTAL NEED</b>	<b>61,910</b>	<b>833</b>	<b>62,847</b>	<b>877</b>	<b>63,778</b>	<b>927</b>	<b>80,143</b>	<b>748</b>	<b>80,881</b>	<b>757</b>
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WyndRidge Health and Rehabilitation Center		157		157		157		157		157
Good Samaritan FFG		30		30		30		30		30
<b>Total Existing Beds</b>		<b>371</b>		<b>371</b>		<b>371</b>		<b>371</b>		<b>371</b>
<b>BED NEED</b>		<b>329</b>		<b>340</b>		<b>356</b>		<b>367</b>		<b>377</b>
<i>Net Bed Need Change</i>				12		16		11		9

In 2017, the first year of operation, Cumberland County is projected to need an additional 329 nursing home beds (net need minus existing beds), and in 2018 the second year of operation, the net bed need is projected to be 340. This net nursing home bed need is projected to grow consistently in Cumberland County over the next several years, increasing the unmet bed



need by almost 10 beds per year through 2020 as that population ages. The statistical analysis supports that this criteria is met and there is an existing and future demand for the project. Additional nursing beds are required to ensure that Cumberland County and Fairfield Glade senior citizens are properly served.

2. Planning horizon: The need for nursing home beds shall be projected two years into the future from the current year.

**RESPONSE:** According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula, in 2017, the first year of operation, Cumberland County is projected to need an additional 329 nursing home beds (net need minus existing beds), and in 2018 the second year of operation, the net bed need is projected to be 340.

3. Establishment of Service Area: A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

**RESPONSE:** The Applicant proposes the project's service area will be Cumberland County. The majority of the service area population is within 30 minutes travel time of the proposed facility. The historical experience of the Facility indicates that the great majority (90-100%) of its admissions are residents of Cumberland County.

4. Existing Nursing Home Capacity: In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

**RESPONSE:** The Nursing Home CON Standards state that in general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

Most importantly, the existing nursing home bed need, as established by the statutory need formula shows Cumberland County as significantly in need of

additional nursing home beds. That need existed at the time of the original approval of this project and is even greater now in 2017 and going forward. As noted in the criteria, a key component of the HSDA's consideration should be how a facility's own occupancy rates support the economic feasibility; otherwise a facility that is highly desirable because of its services and amenities could be impeded from necessary growth as part of its strategic plan. As noted in Section B, Need, Question E, the three other facilities are not at or above the 90% guideline in the standard. However, the HSDA has already considered and approved the need for this project and determined it will not have a substantial negative impact on existing providers. The last three year's occupancy of approximate 95% and the huge numbers of deflections of patients desiring admission strongly demonstrate that the facility is needed to continue to serve the Fairfield Glade CCRC community appropriately as they age in place.

5. Outstanding Certificates of Need: Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CO N's beds are licensed.

**RESPONSE:** There are no outstanding CONs in the service area.

6. Data: The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

**RESPONSE:** This criteria is met. The Applicant has used the noted data for its application.

7. Minimum Number of Beds: A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

**RESPONSE:** This criteria is met. The applicant currently operates a 30-bed facility and is proposing to increase its capacity by an additional 30 beds.

8. Encouraging Facility Modernization: The HSDA may give preference to an application that:

a. Proposes a replacement facility to modernize an existing facility.

b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.

c. Does not increase its number of operating beds.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

**RESPONSE:** Not applicable.

9. Adequate Staffing: An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

**RESPONSE:** The Applicant pays wages and offers benefits that are in-line with the prevailing rates of other employment opportunities in the community. The Facility also benefits from local schools such as the Tennessee Technology Center of Crossville's Practical Nursing Program and Roane State Community College's Nursing Program. The Applicant currently has staff required by the proposal, including adequate professional staff as per the Department of Health, and does not anticipate difficulty filling positions needed for the project.

10. Community Linkage Plan: The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

**RESPONSE:** Inherent in the CCRC concept is the notion that the Fairfield Glade campus becomes the home of these individuals as they age in place. The age in place concept brings with it inherent linkages to the internal community and health care services of Fairfield Glade. As noted, serving individuals in the community is paramount, and the Facility has strong working relationships with Cumberland Medical Center, the closest nearby hospital.

11. Access: The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

**RESPONSE:** The Applicant's healthcare model targets patients that are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services and provides a continuum of care for residents of the CCRC. The majority of all patients placed in nursing homes from the acute care setting are Medicare beneficiaries. Since Medicare is a federal insurance program covering individuals age 65 and older, as well as disabled individuals below this threshold age, access to long term care Medicare beds is a function of bed availability in the market. As stated previously, the Applicant continuously experiences patient deflections due to the unavailability of beds. The project will provide greater access to health care for Medicare beneficiaries and reduce the Applicant's deflection activity.

Additionally, the Applicant will not turn patients away for inability to pay.

12. Quality Control and Monitoring: The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

**RESPONSE:** Good Samaritan Fairfield Glade is currently in good standing with all licensing, certifying and accrediting agencies. As demonstrated in the application and the Applicant's regulatory history, the facility has provided high quality of care since its opening. The Applicant reports extensive quality measures as part of its involvement in the Medicare program. The Applicant has an ongoing quality improvement program to monitor and improve patient outcomes. These outcomes are regularly reported as part of public reporting requirements for all nursing homes. The Facility is a "five star" facility as rated by Nursing Home Compare and maintains the highest ratings for staffing (5), quality measures (5), and health inspections (4).

13. Data Requirements: Applicants should agree to provide the TOH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

**RESPONSE:** This criteria is met. The Applicant will participate in any data production of collection activities and acknowledges its agreement to this criteria.

14. Additional Occupancy Rate Standards:

a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the

proposed Service Area that has been identified by the TOH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

**RESPONSE (a) and (b):** The Nursing Home CON Standards state that in general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

Most importantly, the existing nursing home bed need, as established by the statutory need formula shows Cumberland County as significantly in need of additional nursing home beds. That need existed at the time of the original approval of this project and is even greater now in 2017 and going forward. As noted in the criteria, a key component of the HSDA's consideration should be how a facility's own occupancy rates support the economic feasibility; otherwise a facility that is highly desirable because of its services and amenities could be impeded from necessary growth as part of its strategic plan. As noted in Section B, Need, Question E, the three other facilities are not at or above the 90% guideline in the standard. However, the HSDA has already considered and approved the need for this project and determined it will not have a substantial negative impact on existing providers. The last three year's occupancy of approximate 95% and the huge numbers of deflections of patients desiring admission strongly demonstrate that the facility is needed to continue to serve the Fairfield Glade CCRC community appropriately as they age in place.

c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

**RESPONSE:** This criteria is met. The occupancy rate for the Applicant's current 30 bed facility for 2014 was 95.7% with a total of 10,479 resident days, 2015 was 94.7% with 10,374 resident days, and 2016 was 94.1% with 10,334 resident days.

## Attachment Section C- Economic Feasibility-1

### Documentation Supporting Construction Costs



January 27, 2017

Tennessee Health Services and Development Agency  
Andrew Jackson Building  
500 Deadrick Street/ Suite 850  
Nashville, TN 37243

Re: Certificate of Need Application  
The Evangelical Lutheran Good Samaritan Society  
30 Skilled Beds  
Fairfield Glade, Cumberland County, TN

To Whom It May Concern:

I represent SFCS Inc. an architectural and engineering firm with offices in Roanoke, VA, Charlotte, NC, and Philadelphia, PA. Our firm has been retained by The Evangelical Lutheran Good Samaritan Society to provide planning, design and contract administration services for the expansion of their retirement community in Fairfield Glade, Cumberland TN.

#### PROJECT DESCRIPTION

The project involves new construction to add a northern wing and a larger southern wing to the existing Skilled Nursing Facility wing of the CCRC. The smaller northern wing will connect two previously unconnected portions of the Skilled Nursing wing on the first floor level only and will house 10 of the proposed 30 beds, as well as a patient Lounge and Living Areas and a Nursing Station.

The larger southern wing will add a rehabilitation area on the ground level of the existing Skilled Nursing wing. The first floor buildout of the southern wing will house the remaining 20 of the 30 proposed private beds, along with a Consultation Room, Lounge, Patient Living area, Dining Room, Family Quite area and Library.

13123.00 Certificate of Need Application 2017-01-26.doc

Architecture  
Engineering  
Planning  
Interiors

SFCS Inc.  
1927 South Tryon Street  
Suite 207  
Charlotte, NC 28203

T: 704.372.7327  
F: 704.372.7369  
[www.sfcs.com](http://www.sfcs.com)

Roanoke  
Charlotte  
Philadelphia

#### ESTIMATE OF COST

The preliminary design and estimate have been completed. The projected \$4,463,000 million construction cost for the construction of the additional 30 skilled beds and rehabilitation/therapy space seems reasonable based on our experience.

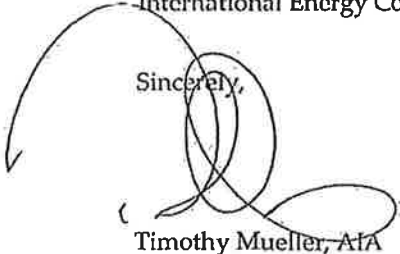
#### SITE SUITABILITY

The subject property of the proposed Skilled Nursing addition does not lie within a special flood hazard zone according to Community Panel no. 47035C0213D of the FEMA Flood Insurance maps for Cumberland County, Tennessee.

This project is an addition to the existing Facility that opened in 2011. The site was developed to accommodate the 30 beds requested by the CON application.

To the best of our belief and knowledge this project will be designed in compliance with local, state, and federal construction codes, standards, specifications and requirements that apply to the project such as the 2010 AIA Guidelines for Design and Construction of Healthcare Facilities, 2012 International Building Code, 2012 National Fire Protection Code 101 (NFPA 101 w/ Annex A), 2012 International Energy Conservation Code and other applicable codes.

Sincerely,



Timothy Mueller, AIA  
SFCS, Inc.

TJM:ssh

pc: Greg Amble - Evangelical Lutheran Good Samaritan Society



## Attachment Section C- Economic Feasibility-2

### Documentation of Financial Feasibility

January 30, 2107

Melanie Hill, Executive Director  
Tennessee Health Services and Development Agency  
600 Deadrick St, Suite 850  
Nashville, TN 37243

Dear Melanie:

This letter is to inform you that the funds needed to construct 30 additional skilled nursing beds at Good Samaritan Society – Fairfield Glade, TN, will be available to the Society.

The cost of this project will be paid for from the combination of new financing through tax-exempt bonds and excess Society cash reserves. Furthermore, the Society's audited 2015 audited financial statements are included in this application for your reference.

If you have any questions or are in need of additional information please contact Greg Amble, Director Construction & Design at [gamble@good-sam.com](mailto:gamble@good-sam.com) or 605-362-3108.

Sincerely,



Grant Tribble  
Executive Vice President and CFO

## **Attachment Section C- Economic Feasibility-6**

### **Project Financial Information**

**THE EVANGELICAL LUTHERAN  
GOOD SAMARITAN SOCIETY AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**TABLE OF CONTENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED BALANCE SHEETS</b>	<b>3</b>
<b>CONSOLIDATED STATEMENTS OF OPERATIONS</b>	<b>5</b>
<b>CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS</b>	<b>6</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>8</b>
<b>INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION</b>	<b>35</b>
<b>SUPPLEMENTAL INFORMATION</b>	
<b>CONSOLIDATED DEPARTMENTAL SUMMARY OF OPERATING EXPENSES</b>	<b>36</b>
<b>CONSOLIDATED SUMMARY OF RESOURCE DEVELOPMENT ACTIVITY</b>	<b>38</b>
<b>2015 CONSOLIDATING FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATING BALANCE SHEET</b>	<b>39</b>
<b>CONSOLIDATING STATEMENT OF OPERATIONS</b>	<b>43</b>
<b>CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS</b>	<b>45</b>
<b>CONSOLIDATING STATEMENT OF CASH FLOWS</b>	<b>47</b>
<b>2015 CONSOLIDATING OBLIGATED GROUP FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATING OBLIGATED GROUP BALANCE SHEET</b>	<b>51</b>
<b>CONSOLIDATING OBLIGATED GROUP STATEMENT OF OPERATIONS</b>	<b>53</b>
<b>CONSOLIDATING OBLIGATED GROUP STATEMENT OF CHANGES IN NET ASSETS</b>	<b>54</b>
<b>CONSOLIDATING OBLIGATED GROUP STATEMENT OF CASH FLOWS</b>	<b>55</b>
<b>2014 CONSOLIDATING FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATING BALANCE SHEET</b>	<b>56</b>
<b>CONSOLIDATING STATEMENT OF OPERATIONS</b>	<b>60</b>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**TABLE OF CONTENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS</b>	<b>62</b>
<b>CONSOLIDATING STATEMENT OF CASH FLOWS</b>	<b>64</b>
<b>2014 CONSOLIDATING OBLIGATED GROUP FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATING OBLIGATED GROUP BALANCE SHEET</b>	<b>68</b>
<b>CONSOLIDATING OBLIGATED GROUP STATEMENT OF OPERATIONS</b>	<b>70</b>
<b>CONSOLIDATING OBLIGATED GROUP STATEMENT OF CHANGES IN NET ASSETS</b>	<b>71</b>
<b>CONSOLIDATING OBLIGATED GROUP STATEMENT OF CASH FLOWS</b>	<b>72</b>

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Evangelical Lutheran Good Samaritan Society  
and Affiliates  
Sioux Falls, South Dakota

We have audited the accompanying consolidated financial statements of The Evangelical Lutheran Good Samaritan Society and Affiliates (the Society) (a North Dakota corporation) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
The Evangelical Lutheran Good Samaritan Society  
and Affiliates

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Society and its subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
April 25, 2016



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 17,468	\$ 15,600
Investments	334,002	384,047
Accounts Receivable, Net	98,515	83,846
Notes and Other Current Receivables	1,547	1,911
Inventory	3,965	4,016
Prepaid Expenses	6,375	3,544
Securities Lending - Collateral Held for Loaned Securities	19,754	25,325
Total Current Assets	<u>481,626</u>	<u>518,289</u>
<b>ASSETS LIMITED AS TO USE</b>		
Investments	127,258	75,051
Securities Lending - Investments Loaned to Broker	19,716	25,127
Total Assets Limited as to Use, Less Current Portion	<u>146,974</u>	<u>100,178</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land and Land Improvements	168,391	160,874
Buildings and Improvements	1,498,497	1,447,061
Furniture and Equipment	288,879	262,085
Vehicles	19,731	18,815
Total	<u>1,975,498</u>	<u>1,888,835</u>
Less: Accumulated Depreciation	<u>(1,053,330)</u>	<u>(998,174)</u>
Subtotal	922,168	890,661
Construction and Development	127,943	110,593
Total Property and Equipment	<u>1,050,111</u>	<u>1,001,254</u>
<b>OTHER ASSETS</b>		
Investments	33,336	33,804
Other Assets	74,002	33,878
Unamortized Financing Fees	7,071	4,446
Total Other Assets	<u>114,409</u>	<u>72,128</u>
<b>Total Assets</b>	<u><u>\$ 1,793,120</u></u>	<u><u>\$ 1,691,849</u></u>

See accompanying Notes to Consolidated Financial Statements.

	2015	2014
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	\$ 19,920	\$ 15,519
Resident Funds and Prepaid Rents	9,138	5,560
Accounts Payable	45,296	40,221
Accrued Expenses:		
Salaries and Wages	19,999	17,196
Vacation	27,694	26,987
Employee Benefits and Payroll Taxes	12,548	10,217
Insurance	36,355	38,698
Interest	1,927	1,569
Current Portion of Housing Entry Fees	8,687	8,687
Securities Lending - Payable Under Investment Loan Agreement	20,268	25,874
Other Current Liabilities	9,835	8,808
Total Current Liabilities	<u>211,667</u>	<u>199,336</u>
<b>LONG-TERM DEBT</b> , Less Current Maturities	702,515	590,021
<b>OTHER LIABILITIES</b>		
Non-Refundable Housing Entry Fees	19,015	17,775
Refundable Housing Entry Fees	97,979	87,297
Annuities and Other Liabilities	8,617	9,165
Total Other Liabilities	<u>125,611</u>	<u>114,237</u>
 Total Liabilities	 1,039,793	 903,594
<b>NET ASSETS</b>		
Unrestricted:		
Unrestricted	664,487	697,970
Non-Controlling Interest	11,601	11,890
Total Unrestricted	<u>676,088</u>	<u>709,860</u>
Temporarily Restricted	58,622	59,589
Permanently Restricted	18,617	18,806
Total Net Assets	<u>753,327</u>	<u>788,255</u>
 Total Liabilities and Net Assets	 <u>\$ 1,793,120</u>	 <u>\$ 1,691,849</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

	2015	2014
<b>OPERATING REVENUE</b>		
Housing and Services	\$ 968,015	\$ 938,525
Resource Development	4,784	8,428
Net Assets Released from Restrictions for Operating Purposes	2,539	3,077
Other Revenue	36,439	32,242
Total Operating Revenue	<u>1,011,777</u>	<u>982,272</u>
<b>OPERATING EXPENSE</b>		
Housing and Services	688,063	669,892
Administrative	176,429	168,143
Employee Health Benefits	51,058	46,468
Resource Development	3,402	3,972
General Insurance	19,011	21,583
Interest	23,517	22,971
Depreciation	74,078	69,352
Total Operating Expense	<u>1,035,558</u>	<u>1,002,381</u>
<b>OPERATING LOSS</b>	(23,781)	(20,109)
<b>NONOPERATING GAINS (LOSSES) AND OTHER SUPPORT</b>		
Interest Income	8,009	6,415
Realized Gain on Investments	9,647	4,559
Unrealized Gain (Loss) on Investments	(15,994)	13,306
Loss on Disposal and Impairment of Property	(8,465)	(10,149)
Loss on Extinguishment of Debt	(4,560)	(1,355)
Total Nonoperating Gains (Losses) and Other Support	<u>(11,363)</u>	<u>12,776</u>
<b>DEFICIT OF REVENUE OVER EXPENSE</b>	(35,144)	(7,333)
Net Assets Released from Restrictions for Capital Purposes	3,354	7,880
Change in Non-Controlling Interest	<u>947</u>	<u>1,477</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE DISCONTINUED OPERATIONS</b>	(30,843)	2,024
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	<u>(2,929)</u>	<u>(7,361)</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>\$ (33,772)</u>	<u>\$ (5,337)</u>

See accompanying Notes to Consolidated Financial Statements.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Deficit of Revenue over Expense	\$ (35,144)	\$ -	\$ -	\$ (35,144)
Net Assets Released from Restrictions for Capital Purposes	3,354	-	-	3,354
Net Assets Released from Restrictions	-	(5,893)	-	(5,893)
Restricted Contributions	-	4,926	147	5,073
Change in Non-Controlling Interest	947	-	-	947
Decrease in Beneficial Interest in Perpetual Trust	-	-	(336)	(336)
Change in Net Assets before Discontinued Operations	(30,843)	(967)	(189)	(31,999)
Loss from Discontinued Operations	(2,929)	-	-	(2,929)
Change in Net Assets	(33,772)	(967)	(189)	(34,928)
Net Assets - Beginning of year	709,860	59,589	18,806	788,255
<b>Net Assets - End of Year</b>	<b>\$ 676,088</b>	<b>\$ 58,622</b>	<b>\$ 18,617</b>	<b>\$ 753,327</b>

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Deficit of Revenue over Expense	\$ (7,333)	\$ -	\$ -	\$ (7,333)
Net Assets Released from Restrictions for Capital Purposes	7,880	-	-	7,880
Net Assets Released from Restrictions	-	(10,957)	-	(10,957)
Restricted Contributions	-	10,436	204	10,640
Change in Non-Controlling Interest	1,477	-	-	1,477
Decrease in Beneficial Interest in Perpetual Trust	-	-	(109)	(109)
Change in Net Assets before Discontinued Operations	2,024	(521)	95	1,598
Loss from Discontinued Operations	(7,361)	(55)	-	(7,416)
Change in Net Assets	(5,337)	(576)	95	(5,818)
Net Assets - Beginning of Year	715,197	60,165	18,711	794,073
<b>Net Assets - End of Year</b>	<b>\$ 709,860</b>	<b>\$ 59,589</b>	<b>\$ 18,806</b>	<b>\$ 788,255</b>

See accompanying Notes to Consolidated Financial Statements.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (34,928)	\$ (5,818)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Reconciling Items Included in Discontinued Operations	2,728	6,110
Depreciation	74,078	69,352
Amortization	(719)	57
Provision for Bad Debts	1,129	(2,496)
Housing Entry Fees and Annuities Revenue	(3,404)	(3,278)
Realized and Unrealized (Gain) Loss on Investments	6,347	(17,865)
Change in Beneficial Interest in Perpetual Trusts	336	109
Loss on Disposal and Impairment of Property	8,465	10,149
Loss on Refinancing of Debt	4,560	1,355
Change in Non-Controlling Interest	(947)	(1,477)
Reclassification of Restricted Contributions	(2,463)	(4,812)
Change in Assets:		
Accounts Receivable	(10,451)	6,115
Other Current Assets	(2,906)	618
Change in Liabilities:		
Resident Funds, Prepaid Rents and Accounts Payable	1,954	5,270
Accrued Expenses and Other Current Liabilities	9,108	(1,772)
Net Cash Provided by Operating Activities	<u>52,887</u>	<u>61,617</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change in Investments	481	29,436
Change in Notes Receivable and Other Assets	(7,049)	(3,450)
Business Acquisitions	(37,000)	(18,250)
Property Additions	(131,783)	(110,877)
Proceeds from Sale of Property	6,029	3,541
Net Cash Used by Investing Activities	<u>(169,322)</u>	<u>(99,600)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Annuities Issued and Housing Entry Fees	27,742	21,086
Refund of Housing Entry Fees	(12,924)	(11,448)
Payment of Financing Fees	(3,552)	(513)
Proceeds from Long-Term Debt Borrowings	121,965	27,000
Repayment of Long-Term Debt	(18,314)	(12,348)
Proceeds from Contributions	3,386	6,277
Net Cash Provided by Financing Activities	<u>118,303</u>	<u>30,054</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,868	(7,929)
Cash and Cash Equivalents - Beginning of Year	<u>15,600</u>	<u>23,529</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 17,468</u></u>	<u><u>\$ 15,600</u></u>

See accompanying Notes to Consolidated Financial Statements.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 1 ORGANIZATION**

**Organization and Principles of Consolidation**

The financial statements include the consolidated accounts of The Evangelical Lutheran Good Samaritan Society, a North Dakota non-profit corporation; its wholly owned Cayman Islands captive insurance company, Good Samaritan Society Insurance, Ltd; its controlled foundation, The Evangelical Lutheran Good Samaritan Foundation, a Minnesota non-profit corporation; its controlled affordable housing entities, South Dakota non-profit corporations and tax credit limited partnerships, Good Samaritan Holdings, LLC; and Good Samaritan Society HCBS, LLC which was formed in 2014 to acquire new home and community based service ("HCBS") entities but had no activity until January 2015 (collectively, the Society). All material intercompany balances, transactions, and earnings have been eliminated.

The Society operates in communities throughout the United States. Housing and services for seniors are provided within the communities the Society operates through a continuum of care including skilled and rehab services, senior housing with services, and home and community based services.

As of December 31, 2015, the Society owned or leased 169 continuum of care communities, 47 home care, hospice and private duty agencies; and controlled 29 operating affordable housing and senior housing with services projects, in 24 states.

As of December 31, 2014, the Society owned or leased 172 continuum of care communities, 37 home care, hospice and private duty agencies; and controlled 30 operating affordable housing and senior housing with services projects, in 24 states.

The Society funds some of its insurance deductible and self-insurance obligations through Good Samaritan Society Insurance, Ltd (GSSI). The contracts between GSSI and the Society are deposit contracts in which GSSI agrees to reimburse or indemnify the Society for certain deductible and self-insurance obligations related to its operations. The contracts are not considered insurance for U.S. accounting, tax, or regulatory purposes.

As of December 31, 2015 and 2014, the Society managed 17 and 14 facilities, respectively, owned by others and was also an equity member in two joint venture relationships, which it does not control. The consolidated financial statements do not include the accounts of the managed facilities or the joint ventures, which the Society does not control (Note 9).

**Corporate Governance and Compensation**

The Society's Board of Directors has adopted a Policy Governance Program to guide and direct Board activities relating to organizational performance.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 1 ORGANIZATION (CONTINUED)**

**Corporate Governance and Compensation (Continued)**

The Society's employee compensation plan includes all positions within the Society's National Campus and field Administrators/Executive Directors and Executive Managers. The compensation plan is reviewed, re-calibrated and updated every five years through the use of an external consultant, which last occurred for Administrators, Executive Directors, and Executive Managers in 2015 and was effective January 1, 2016. For National Campus this is being reviewed in 2016 for an effective date of January 1, 2017. During this review the compensation plan is evaluated, updated and re-calibrated to be 100% competitive at the 50th percentile of the national labor market.

**Obligated Group**

The Evangelical Lutheran Good Samaritan Society, The Evangelical Lutheran Good Samaritan Foundation, and Good Samaritan Society HCBS, LLC are the members of the Obligated Group under a Master Trust Indenture which secures a major portion of the Society's debt. Good Samaritan Society HCBS, LLC is included within The Evangelical Lutheran Good Samaritan Society column in the supplemental consolidating obligated group financial statements. Each member of the Obligated Group is required to secure the related debt by a pledge of gross revenues and a security interest in any fund or account in which gross revenues are deposited subsequent to a default. In addition, each member of the Obligated Group is jointly and severally liable for all debt under the indenture.

**Non-Controlling Interest**

The non-controlling interest at December 31, 2015 and 2014 includes other partners' interests related to the ventures of eight and six tax credit limited partnerships, respectively. The tax credit limited partnerships are consolidated in these financial statements for the years ended December 31, 2015 and 2014. The net assets attributed to the non-controlling partner are reported as non-controlling interest within unrestricted net assets on the consolidated balance sheets.

**Tax Status**

The Society's U.S. domiciled entities are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code or are pass-through entities not subject to tax at the entity level. Good Samaritan Society Insurance, Ltd. is an exempt company under the Companies Law of the Cayman Islands.

The Society follows the accounting standard for contingencies in evaluating the accounting for uncertainty in income taxes recognized in an entity's financial statements. This standard prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized.

The Society's income tax returns are subject to review and examination by federal, state, and local authorities. The Society is not aware of any activities that would jeopardize its tax-exempt status.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 1 ORGANIZATION (CONTINUED)**

**Social Accountability**

The Society provides charitable services and housing for residents who are not able to pay the full rates associated with the services they receive from the Society. In addition, the Society contributes to the communities it serves in a variety of ways. These include, but are not limited to: providing free meals; conducting health fairs for seniors; volunteering employees' time to deliver meals; furnishing meeting spaces to local churches, support groups, and service societies; and providing free transportation for seniors living in the communities served by the Society.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of Presentation**

Contributions received are recorded as an increase in unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Society and changes therein are classified and reported as follows:

**Unrestricted** – Those resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board of directors has set aside for a particular purpose.

**Temporarily Restricted** – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Society or passage of time. The Society has elected to present temporarily restricted contributions that are fulfilled in the same period within the unrestricted net assets class.

**Permanently Restricted** – Those resources subject to a donor imposed restriction that must be maintained permanently by the Society.

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets are released and reported as an increase in unrestricted net assets. Income earned on temporary or permanently restricted support, including capital appreciation is recognized in the period earned.



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, the Society considers all cash and short-term investments with an original maturity of three months or less to be cash and cash equivalents. The carrying amount of cash equivalents is a reasonable estimate of fair value.

The Society's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and temporary cash investments. The Society believes it places its cash and cash equivalents and temporary cash investments with high quality credit institutions. At times such investments may be in excess of the FDIC insurance limit.

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess (deficit) of revenue over expense unless the income or loss is restricted by donor. The cost of securities sold is based on the specific identification method.

The Society has investments in a variety of investment funds. The Society's investment policy limits investing to investment grade securities. The investment portfolio is governed by a policy that is reviewed quarterly by the board of directors. In general, investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that change in the values of the investments will occur in the near term and that such changes could materially affect account balances and the consolidated statements of operations.

**Securities Lending**

The Society participates in securities lending transactions through a program managed by its custodial bank. A portion of its investments are loaned to selected established brokerage firms in return for cash which the Society uses to purchase other investments. These investments are collateral for the original investments loaned. Under terms of its securities lending agreement, the program requires brokers who borrow securities from the Society to provide collateral of a value of at least equal to 102% of the then fair value of the loaned securities. Valuations of the collateral pools are provided to the Society by the custodial bank. At December 31, 2015 and 2014, the excess of the obligation to return the collateral investments over the fair market value of the collateral received of \$514 and \$549, respectively, have been recorded as an unrealized loss on investments on the consolidated statements of operations.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

The Society uses the allowance method to account for uncollectible accounts. The allowance is based on management's estimate of potential bad debts as well as historical collection history. When the Society has exhausted all collection efforts and accounts are deemed uncollectible, they are written off against the allowance for doubtful accounts. Accounts receivable are net of an allowance for doubtful accounts of approximately \$5,579 and \$4,388 as of December 31, 2015 and 2014, respectively.

**Inventory**

Inventory consists principally of food, unused linens, office supplies, and housekeeping supplies. Inventories are valued at cost determined by the first-in, first-out (FIFO) method.

**Assets Limited as to Use**

Assets limited as to use include assets designated by the Society (over which it retains control and may, at its discretion, subsequently use for other purposes) for funded depreciation and debt retirement funds, insurance fund reserves, development funds, endowment and annuity funds, assets held by trustees under bond and mortgage indenture agreements, and assets held under HUD regulatory agreements and other affordable housing agency agreements.

Interest earned on assets held by trustees under bond and mortgage indenture agreements is included in interest expense on the consolidated statements of operations.

**Property and Equipment**

Property and equipment with an original cost at or above five hundred dollars is recorded at cost for purchased assets or fair market value at date of receipt for donated assets. Depreciation of property is provided on the straight-line basis. Depreciation rates are based on the estimated useful lives of the assets and/or the rates allowed by the Medicare and Medicaid regulations applicable to each state.

The lives used are as follows:

<u>Property</u>	<u>Useful Lives</u>
Land Improvements	10 - 30 Years
Buildings	5 - 40 Years
Furniture and Equipment	3 - 20 Years
Vehicles	2 - 6 Years

Maintenance, repairs, and replacements which do not improve the assets or extend the assets' lives are expensed as incurred. Costs of additions and improvements are added to the land, land improvements, buildings, and furniture and equipment accounts.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment (Continued)**

Construction and development costs have been deferred until the projects have been completed. When the projects are completed, these costs will be capitalized and depreciated over the life of the projects. If the projects are cancelled, the construction and development costs are expensed during that period.

The Society reviews its property and equipment periodically to determine potential impairment. If determined that the carrying value exceeds the fair market value, an impairment loss is recognized.

**Interest Capitalization**

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets, and depreciated over the estimated useful lives by the straight-line method of depreciation.

**Other Assets**

Other assets consist of the following at December 31, 2015 and 2014:

	2015	2014
Intangible Assets	\$ 58,016	\$ 3,962
Notes Receivable	3,076	4,075
Acquisition Escrow	-	18,250
Investment in Perpetual Trust	4,058	4,394
Other Assets	8,852	3,197
Total	<u>\$ 74,002</u>	<u>\$ 33,878</u>

Intangible assets represent costs assigned to customer lists, non-compete agreements, licenses, and goodwill purchased when acquiring home health entities. The intangible assets associated with customer lists and non-compete agreements are amortized over the period the Society estimates to receive value from them. The intangible assets associated with licenses and goodwill are not being amortized and are instead assessed for impairment on an annual basis.

The notes receivable are evaluated for collectability on a periodic basis, and an allowance for doubtful accounts is established based upon management's estimate of potential bad debts.

In December 2014, Good Samaritan Society HCBS, LLC entered into an agreement to purchase six Texas HCBS entities for \$18,250. The purchase price was deposited into escrow by the Society and included in other assets at December 31, 2014. During 2015 the transaction closed and the Society took over operations.

The investment in perpetual trust is recorded at market value, and includes the Society's portion of beneficial interest in the perpetual trusts.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Assets (Continued)**

Other assets include The Society's investments in unconsolidated joint ventures and other assets. The Society's investments in unconsolidated joint ventures are recorded using the equity method of accounting which approximates the Society's equity in the underlying book value of the unconsolidated joint ventures.

**Unamortized Financing Fees**

Costs incurred in connection with the issuance of long-term debt are capitalized and amortized over the historical outstanding term of the related indebtedness. Total finance fees were \$10,628 and \$8,719 for the years ended December 31, 2015 and 2014, respectively. Accumulated amortization at December 31, 2015 and 2014 was \$3,557 and \$4,273 respectively. Amortization expense for the years ended December 31, 2015 and 2014 was \$927 and \$907, respectively.

**Housing Entry Fees**

The Society has housing entry fees for admittance into housing units at various locations. These contracts for housing entry fees vary by location, and typically have varying refundable portions up to 100% of these entry fees. The refundable portions of the housing entry fees are refundable based upon time restrictions and vacancy of the housing unit. The nonrefundable portion of the housing entry fees are recorded as deferred revenue and amortized into income over the life expectancy of the resident and fully recognized when the resident vacates its unit. The Society records a current portion of housing entrance fees that is expected to be refunded in the next year.

**Charitable Gift Annuities Payable**

The Society has established a gift annuity program whereby donors may contribute assets to the Society in exchange for the right to receive a fixed dollar annual return during their lifetime, averaging approximately 5.72% and 6.91% for 2015 and 2014, respectively. The difference between the amount provided for the gift annuity and the present value of the liability for future payments is recognized as a contribution at the date of the gift as specified by the donor. The Society uses published mortality rate tables adopted by the Social Security Administration.

The annuity liability is revalued annually based upon computed present values. Upon the death of a beneficiary, the related annuity is terminated and no further obligation exists to the deceased beneficiary's estate. The Society records the annuity liability at the present value of future payments using a discount rate of 5%. Total charitable gift annuities payable as of December 31, 2015 and 2014 were \$2,509 and \$3,214, respectively, and included in annuities and other liabilities in the consolidated balance sheets.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Asset Retirement Obligations**

Asset retirement obligations represent obligations to dispose of assets that are legally required to be removed at a future date. They are recorded at the net present value using a risk-free interest rate and inflationary rate, and are included in annuities and other liabilities in the consolidated balance sheets. The asset retirement obligation was \$5,708 and \$5,510 at December 31, 2015 and 2014, respectively, and is included in annuities and other liabilities on the consolidated balance sheets.

**Housing and Services and Third Party Reimbursement Agreements**

Housing and services revenue includes rent, room charges and ancillary services to residents of the skilled and rehab service facilities, senior housing with service facilities, and home and community based services and is recorded at established billing rates net of contractual adjustments resulting from agreements with third-party payers, if applicable.

The services provided through third-party payers are primarily paid through the Medicaid and Medicare programs. The Medicaid programs are covered through the state departments of health and rates charged are in accordance with the rules established in those states. The Medicare program is administered by the United States Centers for Medicare and Medicaid Services (CMS). The Medicare program pays on a prospective payment system, a per diem price based system or an episodic based system for home and community based services.

The approximate percentage of housing and services revenue provided from Medicaid and Medicare reimbursement programs for the years ended December 31, 2015 and 2014 was:

	2015	2014
Medicaid and Medicaid Managed Care	35.2 %	36.6 %
Medicare and Medicare Managed Care	22.3	23.5
Total	57.5	60.1

Revenue under third-party payer agreements is subject to audit and, in certain instances, retroactive adjustments. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated and final settlements are reported in operations in the year of settlement.

The approximate percentage of housing and services revenue by product line for the years ended December 31, 2015 and 2014 was:

	2015	2014
Rehabilitation/Skilled Nursing	75.9 %	78.9 %
Senior Housing with Services	17.1	17.2
Home and Community Based Services	7.0	3.9
Total	100.0	100.0

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Housing and Services and Third Party Reimbursement Agreements (Continued)**

Skilled and rehab service facilities and home health and hospice agencies licensed for participation in the Medicare and Medicaid programs are subject to annual licensure renewal. If it is determined that a facility or agency is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the Society.

**Donated Services**

Substantial amounts of services are donated by individuals to the Society each year. The income and expenses attributable to donated services are not reflected in the consolidated statements of operations. These services enhance the quality of care furnished to Society residents but do not represent services that would require additional Society staffing if the services were not provided on a volunteer basis.

**Deficit of Revenue over Expense**

The consolidated statements of operations include a line entitled "deficit of revenue over expense" which is the performance indicator for the Society. Changes in unrestricted net assets which are excluded from the performance indicator, consistent with industry practice, include grant proceeds for capital purposes, assets released from restriction for capital purposes, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets), permanent transfers of assets to and from affiliates for other than goods or services, change in non-controlling interest and loss on discontinued operations.

**Disclosure of Cash Flow Information**

Noncash investing and financing activities are as follows:

	2015	2014
Noncash Property Gifts	\$ 251	\$ 379
Bond Escrow Funds:		
Used to Pay Off Long-Term Debt	79,565	57,483
Refinancing of Long-Term Debt	79,800	25,200
Construction in Progress Included in Accounts Payable	3,789	3,354
Cash Payment for Interest	27,471	27,112

**Restrictions on Assets of Affordable Housing Entities**

The affordable housing entities' operations are subject to the administrative directives, rules, and regulations of certain regulatory agencies, primarily the U.S. Department of Housing and Urban Development (HUD). Accordingly, the availability of these corporations' net assets is severely limited. No distributions can be paid out of the corporations and the assets cannot be diverted to another use.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

The Society follows the *Fair Value Measurements* accounting standard. The standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Society has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Additionally, from time to time, the Society may be required to record at fair value other assets on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets. Nonfinancial assets measured at fair value on a nonrecurring basis would include nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment test, other real estate owned, and other intangible assets measured at fair value for impairment assessment.

The Society also has the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Society has not elected to measure any existing financial instruments at fair value, however, may elect to measure newly acquired financial instruments at fair value in the future.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 3 INVESTMENTS**

The fair value of investments is based upon quoted market prices for those or similar investments. Investment portfolios consisted of the following at December 31, 2015 and 2014:

	2015		
	Obligated Group	Other	Total
Equities	\$ 158,155	\$ 3,834	\$ 161,989
U.S. Government Securities	108,341	15,096	123,437
Corporate Debt Securities	96,938	21,387	118,325
Commercial Paper	33,821	-	33,821
Money Market Funds	59,657	17,083	76,740
Total	<u>\$ 456,912</u>	<u>\$ 57,400</u>	<u>\$ 514,312</u>
Balance Sheet Classifications:			
Current Assets	\$ 297,276	\$ 36,726	\$ 334,002
Assets Limited as to Use (Note 6)	126,317	20,657	146,974
Other Assets	33,319	17	33,336
Total	<u>\$ 456,912</u>	<u>\$ 57,400</u>	<u>\$ 514,312</u>

	2014		
	Obligated Group	Other	Total
Equities	\$ 191,234	\$ 4,091	\$ 195,325
U.S. Government Securities	57,189	15,009	72,198
Corporate Debt Securities	120,848	21,877	142,725
Commercial Paper	14,358	-	14,358
Money Market Funds	80,113	13,310	93,423
Total	<u>\$ 463,742</u>	<u>\$ 54,287</u>	<u>\$ 518,029</u>
Balance Sheet Classifications:			
Current Assets	\$ 345,620	\$ 38,427	\$ 384,047
Assets Limited as to Use (Note 6)	84,337	15,841	100,178
Other Assets	33,785	19	33,804
Total	<u>\$ 463,742</u>	<u>\$ 54,287</u>	<u>\$ 518,029</u>

Total unrealized gains on investments held at December 31, 2015 and 2014 were \$30,972 and \$45,601 respectively.



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 4 FAIR VALUE MEASUREMENTS**

The Society uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Society measures fair value refer to Note 2 – Summary of Significant Accounting Policies. The following tables present the fair value hierarchy for the balances of the assets and liabilities of the Society measured at fair value on a recurring basis as of December 31, 2015 and 2014:

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

	December 31,			
Assets:	2015	Level 1	Level 2	Level 3
Investments				
Equities	\$ 161,989	\$ 161,989	\$ -	\$ -
U.S. Government Securities	123,437	123,437	-	-
Corporate Debt Securities	118,325	-	118,325	-
Commercial Paper	33,821	-	33,821	-
Securities Lending Collateral	19,754	-	19,754	-
Perpetual Trust	4,058	-	-	4,058
Total	<u>\$ 461,384</u>	<u>\$ 285,426</u>	<u>\$ 171,900</u>	<u>\$ 4,058</u>

	December 31,			
Assets:	2014	Level 1	Level 2	Level 3
Investments				
Equities	\$ 195,325	\$ 195,325	\$ -	\$ -
U.S. Government Securities	72,198	72,198	-	-
Corporate Debt Securities	142,725	-	142,725	-
Commercial Paper	14,358	-	14,358	-
Securities Lending Collateral	25,325	-	25,325	-
Perpetual Trust	4,394	-	-	4,394
Total	<u>\$ 454,325</u>	<u>\$ 267,523</u>	<u>\$ 182,408</u>	<u>\$ 4,394</u>

The following tables provide a summary of changes to fair value of the Society's Level 3 financial assets and liabilities for the years ended December 31, 2015 and 2014.

	Perpetual Trust
Beginning Balance - January 1, 2015	\$ 4,394
Total Gains or Losses (Realized or Unrealized) for the Year Included in:	
Interest and Dividend Income	86
Realized and Unrealized Losses	(295)
Purchases, Sales, Issuances and Settlements, Net	(127)
Ending Balance - December 31, 2015	<u>\$ 4,058</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis (Continued)**

	Perpetual Trust
Beginning Balance - January 1, 2014	\$ 4,503
Total Gains or Losses (Realized or Unrealized) for the Year Included in:	
Interest and Dividend Income	137
Realized and Unrealized Gains	57
Purchases, Sales, Issuances and Settlements, Net	(303)
Ending Balance - December 31, 2014	<u>\$ 4,394</u>

Gains and losses related to the Society's Level 3 financial assets and liabilities included in change in net assets are recorded on the consolidated statements of changes in net assets as decrease in beneficial interest in perpetual trust for the years ended December 31, 2015 and 2014.

Trading securities, securities lending collateral, and bond indenture funds (securities) are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions.

Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Securities valued using Level 2 inputs include private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Securities valued using Level 3 include a Perpetual Trust which is valued on the fair value of the assets of the trust. The significant unobservable input used in the fair value measurement of the Society's beneficial interest in perpetual trust is their allocated portion of the underlying trust assets. Significant changes in this input could result in a significant change to the fair value measurement.

The following tables present the fair value hierarchy for the balances of the assets of the Society measured at fair value on a non-recurring basis as of December 31, 2015 and 2014:

	December 31, 2015	Level 1	Level 2	Level 3
<u>Assets</u>				
Property and Equipment	<u>\$ 89,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,065</u>
	December 31, 2014	Level 1	Level 2	Level 3
<u>Assets</u>				
Property and Equipment	<u>\$ 11,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,423</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis (Continued)**

In accordance with the provisions of the Impairment or Disposal of Long-Lived Assets accounting standard, long-lived assets held and used with carrying values of \$105,565 and \$25,598 were written down to their fair value of \$89,065 and \$11,423 at December 31, 2015 and 2014, respectively, resulting in impairment charges of \$16,500 and \$14,175, being included in operations for the years ended December 31, 2015 and 2014, respectively.

The Society considers the need for impairment on its facilities annually. Potentially impaired facilities are identified by those with negative operating performance. Facilities identified with negative operating performance are then reviewed further by management to determine if the negative operations can be improved. If management determines the operations cannot be improved and impairment is necessary the amount of impairment to be recorded is determined. Using the facilities income available for debt service divided by an industry average capitalization rate, the estimated fair market value of the facility is determined which is then compared to the net book value. The difference between the estimated fair market value and the net book value is based on a number of different factors to determine the estimated impairment.

**NOTE 5 PROPERTY AND EQUIPMENT**

The Society has evaluated the recoverability of its investment in property at various facilities experiencing losses and, accordingly, has reduced the carrying value of certain facilities' property to estimated fair market value. Reductions in the carrying value of property of \$16,500 and \$14,175 were recorded during 2015 and 2014, respectively, and are included in loss on disposal and impairment of property in the accompanying consolidated statements of operations.

Construction and development in progress at December 31, 2015 and 2014 of \$127,943 and \$110,593, respectively, consists of numerous projects throughout the Society including the construction and renovation of a number of facilities. The total estimated cost to complete these projects at December 31, 2015 is approximately \$120,609 and is expected to be funded through a combination of long-term debt borrowings, investments, contributions, and housing entrance fee receipts.

Interest costs of \$1,465 and \$1,901 have been capitalized into property costs for the years ended December 31, 2015 and 2014, respectively.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 6 ASSETS LIMITED AS TO USE**

Assets limited as to use are recorded at fair value and invested in the following at December 31, 2015 and 2014:

<u>Obligated Group</u>	2015	2014
<b><u>Bond Reserve Funds</u></b> - Provide a reserve for payment of principal and interest on the bonds in the event the Society's bond funds are insufficient to meet debt service requirements.	\$ 44,985	\$ 40,129
<b><u>Bond Funds</u></b> - Established for the Society to deposit monthly amounts necessary to pay principal and interest on the bonds.	706	831
<b><u>Project Funds</u></b> - Established for the Society to fund various projects financed by bond issuances.	41,305	2,475
<b><u>Funds Held Under Affordable Housing Regulatory Agreements</u></b> - Various escrow and reserve funds have been established under the regulatory agreements with HUD and other affordable housing agencies.	26	80
<b><u>Workers' Compensation Reserve</u></b> - Funds required to be designated for workers' compensation by an insurance carrier and by the State of Minnesota.	606	606
Total Restricted Investments	87,628	44,121
<b><u>Management Designated - Endowment and Annuity</u></b> - Funds have been established for endowments and annuities received by the Society.	32,537	30,578
<b><u>Management Designated - Funded Depreciation, Debt Retirement, Insurance Reserves, and Development</u></b> - Funds established by the Society for the replacement of equipment, retirement of debt, to fund future insurance costs, and to fund future advancement of the Society.	6,152	9,638
Total Management Designated	38,689	40,216
Total Obligated Group	126,317	84,337
<b><u>Other</u></b>		
Funds Held Under Affordable Housing Regulatory Agreements	16,794	13,159
Workers' Compensation Reserve	273	132
Management Designated Funded Depreciation and Debt Retirement Funds	3,590	2,550
Total Other	20,657	15,841
Total Assets Limited as to Use	\$ 146,974	\$ 100,178

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 7 DISCONTINUED OPERATIONS**

Prior to January 1, 2015, the Society identified facilities that met the criteria of discontinued operations and the operating activity for these facilities is presented as discontinued operations in the consolidated statements of operations for the years ended December 31, 2015 and 2014. Effective January 1, 2015 the authoritative guidance modified the requirements for reporting discontinued operations and now requires a disposal represent a strategic shift that has or will have a major effect on the operations and financial results. During the year ended December 31, 2015 no divestures of the Society qualified for discontinued operations reporting under the new guidance.

The amounts included in discontinued operations at December 31, 2015 and 2014 consist of:

	2015		
	Obligated Group	Other	Total
Total Operating Revenues	\$ 31	\$ -	\$ 31
Total Operating Expenses	(314)	-	(314)
Interest Income	4	-	4
Realized Gain on Investments	6	-	6
Unrealized Loss on Investments	(10)	-	(10)
Loss from Operations of Discontinued Divisions	(283)	-	(283)
Loss on Disposal of Property	(2,646)	-	(2,646)
Loss from Discontinued Operations	<u>\$ (2,929)</u>	<u>\$ -</u>	<u>\$ (2,929)</u>

	2014		
	Obligated Group	Other	Total
Total Operating Revenues	\$ 4,805	\$ -	\$ 4,805
Total Operating Expenses	(6,666)	-	(6,666)
Interest Income	21	-	21
Realized Gain on Investments	14	-	14
Unrealized Gain on Investments	30	-	30
Assets released from Restrictions for Capital Purposes	13	-	13
Loss from Operations of Discontinued Divisions	(1,783)	-	(1,783)
Loss on Disposal of Property	(5,578)	-	(5,578)
Loss from Discontinued Operations	<u>\$ (7,361)</u>	<u>\$ -</u>	<u>\$ (7,361)</u>

Loss from Discontinued Operations shown as temporarily restricted in the consolidated statements of changes in net assets reflect contributions received or net assets released from restrictions related to the facilities which are considered discontinued. The Society continues to evaluate facilities related to the potential for sales or closures.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 8 ACQUIRED OPERATIONS**

**Texas HCBS Entities**

Effective January 1, 2015, the Society acquired 100% of six entities to further expand its operations in home and community based services. The companies were engaged in providing home health care, hospice care, and supportive care services in and around Texas. The total cost of the acquisition was approximately \$18,250 which was initially financed through the use of the Society's line of credit and later refinanced with proceeds of the Series 2015 bonds as described in Note 10.

**Heritage Healthcare Services, Inc. and Subsidiaries**

Effective November 1, 2015, the Society acquired 100% of Heritage Healthcare Services, Inc. and Subsidiaries ("HHS") to further expand its operations in home and community based services. HHS was engaged in providing home health care, hospice care, and supportive care services in and around Arizona and New Mexico. The total cost of the acquisition was approximately \$37,000 which was initially financed through the use of the Society's line of credit. Subsequent to year end, the Society obtained permanent financing for the acquisition as described in Note 15.

The acquired entities above are included within Good Samaritan Society HCBS, LLC as described in Note 1.

The following is a summary of the assets and liabilities acquired in the transactions described above:

	Texas HCBS Entities	Heritage Healthcare Services, Inc. and Subsidiaries	Total
Intangible Assets			
Non-Compete Agreement	\$ 4,733	\$ -	\$ 4,733
Medicare Licenses	2,500	5,000	7,500
Goodwill	11,017	32,000	43,017
Total Assets	<u>\$ 18,250</u>	<u>\$ 37,000</u>	<u>\$ 55,250</u>
Long-Term Debt	\$ 18,250	\$ 37,000	\$ 55,250
Total Liabilities	<u>\$ 18,250</u>	<u>\$ 37,000</u>	<u>\$ 55,250</u>

Goodwill recorded as a result of the above transactions represents intangible assets that do not qualify for separate recognition. There was no gain or loss recorded as a result of the above transactions.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 8 ACQUIRED OPERATIONS (CONTINUED)**

Total revenues of \$26,023, including non-operating revenues, attributable to current year acquisitions, are included in the consolidated statements of operations for the period from acquisition through December 31, 2015 as follows:

	Texas HCBS Entities	Heritage Healthcare Services, Inc. and Subsidiaries	Total
Total Revenues	<u>\$ 19,443</u>	<u>\$ 6,580</u>	<u>\$ 26,023</u>

The changes in net assets attributable to the acquisitions described above for the period from acquisition through December 31, 2015 are as follows:

	Texas HCBS Entities	Heritage Healthcare Services, Inc. and Subsidiaries	Total
Unrestricted Net Assets			
Net Assets - December 31, 2014	\$ -	\$ -	\$ -
Change in Net Assets	(1,562)	321	(1,241)
Net Assets - December 31, 2015	<u>\$ (1,562)</u>	<u>\$ 321</u>	<u>\$ (1,241)</u>

There was no change in temporarily or permanently restricted net assets as a result of the above transactions.

The Society's revenue for the year ended December 31, 2015 would have increased by \$34,472, had the Heritage Healthcare Services, Inc. and Subsidiaries acquisition occurred on January 1, 2015.

**NOTE 9 INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES**

The Society is a 50% equity member in two unconsolidated joint ventures providing services to the elderly as of December 31, 2015 and 2014. The Society's investment in these joint ventures is accounted for under the equity method of accounting. The joint ventures' financial statements are not included in the accompanying consolidated financial statements, as the Society does not have control over financial decisions. The investment in these unconsolidated joint ventures, as well as amounts due from the unconsolidated joint ventures is included in other assets and is as follows:

	2015	2014
Investment in Unconsolidated Joint Ventures	\$ 6,736	\$ 6,293
Notes Receivable from Unconsolidated Joint Ventures	3,076	3,258

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 10 LONG-TERM DEBT**

Long-term debt at December 31, 2015 and 2014 consists of the following:

<u>Description</u>		<u>2015</u>	<u>2014</u>
Obligated Group Secured Debt:			
Mortgages and Other Secured Notes and Bonds	(1)	\$ 1,156	\$ 1,757
Pledged Revenue Notes and Bonds	(2)	629,238	532,655
Demand and Mandatory Tender Bonds	(3)	39,150	41,610
Total Obligated Group Secured Debt		669,544	576,022
Obligated Group Unsecured Notes	(4)	580	645
Total Obligated Group Debt		670,124	576,667
Other Secured Debt	(5)	35,118	24,701
Total Debt		705,242	601,368
Current Maturities		(19,920)	(15,519)
Premium on Bonds Payable		17,193	4,172
Total Long-Term Debt		<u>\$ 702,515</u>	<u>\$ 590,021</u>

(1) For the years ended December 31, 2015 and 2014, mortgages and other secured notes totaling \$1,156 and \$1,757, respectively, bear interest varying from 2.0% - 6.9%, mature from 2016 through 2032 and require monthly principal and interest payments. Mortgage notes are secured by mortgages on Society property.

(2) As of December 31, 2015 and 2014, pledged revenue notes and bonds totaling \$549,596 and \$452,315, respectively, bear interest varying from 2.35% - 5.625%, mature from 2034 through 2045, and require annual principal and semi-annual interest payments. Pledged notes aggregating \$79,642 and \$80,340 at December 31, 2015 and 2014, respectively, are subject to variable (floating) interest rates and mature in 2017. Variable interest rate indebtedness, as described above, bears interest determined by various indices such as LIBOR and U.S. Treasury bill rates plus certain margins. Included in pledged bonds is a construction line of credit through US Bank. This line of credit has a maximum borrowing limit of \$110,000 and matures in January 2017.

Pledged revenue notes and bonds are secured by a pledge of gross revenues and a security interest in any fund or account in which gross revenues are deposited subsequent to a default.

(3) The Society has variable rate demand revenue bonds totaling \$39,150 and \$41,610 as of December 31, 2015 and 2014, respectively. By definition, a variable rate demand bond is a long-term tax-exempt bond the interest of which is indexed to a current short-term market rate and rate resets. The bonds are set to be retired in lump sum payments from 2020 through 2037. These bonds are secured by irrevocable letters of credit for the face amount of the bonds. The Society has a liability to repay the amount drawn on the letters of credit upon repayment terms in the reimbursement agreement. The repayment terms from draws against irrevocable letters of credit require repayment to be made in eight equal installments commencing on the first quarterly date occurring on or after the 367<sup>th</sup> day following a draw.



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 10 LONG-TERM DEBT (CONTINUED)**

The Society may remarket bonds purchased under this demand provision. Additionally, the Society has the option to convert these bonds into fixed rate, long-term bonds at various times. These letters of credit are currently scheduled to expire from 2017 through 2018. Upon expiration, the Society intends to enter into new letters of credit at those dates.

- (4) Included in the Obligated Group unsecured notes at December 31, 2015 and 2014 are special assessments of \$580 and \$645 at December 31, 2015 and 2014, respectively, and generally require monthly principal and interest payments with maturities ranging from 2016 through 2035.
- (5) At December 31, 2015 and 2014, other secured debt consists of mortgages financed or insured by the U.S. Department of Housing and Urban Development of \$35,118 and \$24,701, respectively, with interest rates ranging from 0.0% to 9.25% that mature from 2016 to 2057.

Under the terms of the various financing agreements, the Society has agreed to certain debt covenant restrictions. The Society is required to meet certain financial and operating covenants including the achievement of certain minimum income levels to satisfy debt service, and days cash on hand level.

Interest expense is presented net of interest income earned on bond reserve funds of \$797 in 2015 and \$642 in 2014. The average interest rate on the Society's debt based on an annualized average debt balance was approximately 3.7% and 3.8% for 2015 and 2014, respectively.

The long-term debt principal repayment summary is shown below.

<u>Year</u>	<u>Obligated Group Debt</u>	<u>Other Secured Debt</u>	<u>Total Debt</u>
2016	\$ 8,919	\$ 11,001	\$ 19,920
2017	101,127	6,108	107,235
2018	27,810	531	28,341
2019	9,445	559	10,004
2020	13,334	591	13,925
Thereafter	509,489	16,328	525,817
Total	<u>\$ 670,124</u>	<u>\$ 35,118</u>	<u>\$ 705,242</u>

Required principal payments of \$107,235 in 2017 above include \$72,102 in draws upon the Society's line of credit to finance construction projects in progress. The Society intends to refinance the line of credit with permanent financing prior to payment being required. The required principal payments in 2017 also include \$20,175 of principal payments on variable rate demand debt based upon the reimbursement terms of the letter of credit. The Society intends to extend the letters of credit upon expiration.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 10 LONG-TERM DEBT (CONTINUED)**

Required principal payments of \$28,341 in 2018 include \$18,675 of principal payments on variable rate demand debt based upon the reimbursement terms of the letter of credit. The Society intends to extend the letters of credit upon expiration.

**NOTE 11 CLASSIFICATION OF NET ASSETS**

Temporarily restricted net assets are available for the following purposes at December 31, 2015 and 2014:

<u>Obligated Group</u>	2015	2014
Capital Projects and Renovations	\$ 11,462	\$ 12,428
Resident Care and Other Services	9,200	8,931
Total Obligated Group	20,662	21,359
<u>Other</u>		
Capital Advance Notes	37,329	37,329
Grant Proceeds	631	901
Total Other	37,960	38,230
Total Temporarily Restricted Net Assets	<u>\$ 58,622</u>	<u>\$ 59,589</u>

Permanently restricted net assets are available for the following purposes at December 31, 2015 and 2014:

	2015	2014
Endowments	\$ 14,559	\$ 14,412
Perpetual Trust	4,058	4,394
Total Permanently Restricted Net Assets	<u>\$ 18,617</u>	<u>\$ 18,806</u>

**Endowments**

The Society's endowments consist of numerous individual funds established for a variety of purposes. Its endowment includes both donor restricted endowment funds and funds designated by the board of directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

**Perpetual Trusts**

Other assets include the Society's beneficial interest in perpetual trusts of \$4,058 and \$4,394 as of December 31, 2015 and 2014, respectively. Donors have established these perpetual trusts, for which the Society is not the trustee, naming the Society as a beneficiary. The current market value of the original trusts are shown as permanently restricted as they are not available for distribution. Investment income earned on the trust funds is recorded as temporarily restricted for capital improvements.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 11 CLASSIFICATION OF NET ASSETS (CONTINUED)**

**Interpretation of Relevant Law**

The Society has complied with the State Prudent Management of Institutional Funds Act (the Act). The Society has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

**Interpretation of Relevant Law (Continued)**

As a result of this interpretation, the Society classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed in the Act.

In accordance with the Act, the Society considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Society and the donor- restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Society
- The investment policy of the Society

The following table shows the changes in endowment net assets for the year ended December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 2,681	\$ 4,225	\$ 14,412	\$ 21,318
Investment Return:				
Investment Income	38	155	-	193
Net Appreciation (Realized and Unrealized)	(32)	39	-	7
Contributions	-	-	147	147
Net Assets Appropriated for Expenditure	(109)	(95)	-	(204)
Endowment Net Assets, End of Year	<u>\$ 2,578</u>	<u>\$ 4,324</u>	<u>\$ 14,559</u>	<u>\$ 21,461</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 11 CLASSIFICATION OF NET ASSETS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

The following table shows the changes in endowment net assets for the year ended December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 2,383	\$ 3,661	\$ 14,208	\$ 20,252
Investment Return:				
Investment Income	37	148	-	185
Net Appreciation (Realized and Unrealized)	353	330	-	683
Contributions	-	-	204	204
Net Assets Appropriated for Expenditure	(92)	86	-	(6)
Endowment Net Assets, End of Year	<u>\$ 2,681</u>	<u>\$ 4,225</u>	<u>\$ 14,412</u>	<u>\$ 21,318</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Society to retain as a fund of perpetual duration. There were no deficiencies of this nature that are reported in unrestricted net assets as of December 31, 2015 and 2014.

**Return Objectives and Risk Parameters**

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standard to minimize the risk of large losses.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that meets the Society's long-term rate-of-return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 11 CLASSIFICATION OF NET ASSETS (CONTINUED)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Society's spending policy provides that no distributions are to be made during any year in which the fair market value of the investments is below the amount originally restricted. If the fair market value of the investments is not below the amount originally restricted, the Society's spending policy is to appropriate for distribution each year 4% to 6% of its endowment fund's twelve quarter weighted average fair value on December 31st of the fiscal year prior to the year in which the distribution is planned. In establishing this policy, the Society considered the long-term expected return on its endowment.

**NOTE 12 RETIREMENT PLANS**

The Society provides a non-contributory pension plan covering all eligible employees. The plan is administered by the Portico Benefit Services, and provides that the Society shall contribute 3.25% of each eligible employee's salary/wage to the plan. The eligible provisions for the plan require three years of employment, 1,000 hours of service each year and employment on December 31 of each calendar year unless the employee retired during the year.

The Society also provides a non-contributory pension plan covering administrators, executive directors, executive managers and other executive-level/key personnel. The plan is administered by Portico Benefit Services and provides that the Society shall contribute 3.75% of the covered employee's salary or wages, named earlier in this paragraph, to the plan.

A 457(b) plan was created during the year ending December 31, 2007 (the Plan). Section 457(b) of the Internal Revenue Code allows certain tax-exempt employers, including those participating in the ELCA Master Institutional Retirement Plan or ELCA Retirement Plan for the ELCA (ELCA 403(b) retirement plans) to sponsor non-qualified deferred compensation plans. The highly compensated employees (as defined by the IRS) participate in this plan and are a part of the Plan.

The Society contributed approximately \$9,054 and \$8,797 to these plans during the years ended December 31, 2015 and 2014, respectively.

No prior service costs or unfunded vested benefits exist under these plans. The Society's policy is to fund pension costs as accrued.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 13 FUNCTIONAL EXPENSES**

Functional classification of expenses for the years ended December 31, 2015 and 2014 consisted of the following:

	2015	2014
Program	\$ 830,557	\$ 806,287
Management and General	201,098	191,493
Fundraising	3,903	4,601
Total Expenses	<u>\$ 1,035,558</u>	<u>\$ 1,002,381</u>

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

**Insurance**

The Society self-funds employee health benefits at a majority of its facilities. The Society contracts separately to insure for excessive or unexpected claims through a stop-loss insurance policy that pays claims in excess of \$1,000 per person per year. Claims in excess of these amounts will be funded by the insurance carrier. Property insurance coverage is purchased from third-party insurance carriers on a guaranteed cost basis with a deductible of \$100 per claim, \$500 per claim for wind and hail damage and \$10 per claim for affordable housing property insurance. The Society funds insurance deductibles and self-insurance retentions from claims related to employee injuries through its wholly owned captive insurance subsidiary, Good Samaritan Society Insurance, Ltd. The deductibles and self-insured retentions for employee injuries is \$500 per claim. Purchased excess insurance policies pay claims in excess of the deductibles and retentions. The Society also funds its auto liability deductible and general liability and professional liability self-insured retentions through Good Samaritan Society Insurance, Ltd. Purchased umbrella liability insurance policies in the aggregate amount of \$35,000 provides coverage for claims in excess of \$1,000 for auto and general liability and \$3,000 for professional liability.

For the years ended December 31, 2015 and 2014, the Society incurred insurance expenses as follows:

	2015	2014
Employee Health Benefits	\$ 51,058	\$ 46,468
Workers' Compensation	9,032	10,993
General Insurance	19,011	21,583
Total	<u>\$ 79,101</u>	<u>\$ 79,044</u>

The Society's provision for outstanding losses, although supported by actuarial projections and other data, is ultimately based on management's expectations of future events. It is possible that these estimates could change as more detailed information concerning the losses is received and the effect of such changes could be material to the financial statements.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)

**NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Insurance (Continued)**

The Society has established reserves for these self-insured policies for claims incurred but not reported based on historical claims experience, and actuarial calculations. These reserves at December 31, 2015 and 2014 were as follows:

	2015	2014
Employee Health Benefits	\$ 6,522	\$ 5,890
Workers' Compensation	23,910	25,611
General Insurance	5,923	7,197
Total	<u>\$ 36,355</u>	<u>\$ 38,698</u>

**Capital Advance Notes**

Capital advance notes from the U.S. Department of Housing and Urban Development and certain other forgivable notes aggregate \$37,329 as of December 31, 2015 and 2014. The notes bear no interest and repayment is not required as long as the applicable affordable housing projects remain available for very low-income elderly persons for a stated period (principally 40 years). These notes have been accounted for as temporarily restricted contributions.

**Health Care**

The health care industry is subject to numerous laws and regulations by federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for resident services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management is not aware of any violations of these laws and regulations that would have a material effect on the Society.

**General and Professional Liability**

General and professional liability claims have been asserted against the Society by certain claimants. The claims are in various stages of processing and some may ultimately be brought to trial. In the opinion of management, the outcome of these actions will not have a material effect on the financial position or the results of operations of the Society. Incidents occurring through December 31, 2015 may result in the assertion of additional claims. Other claims may be asserted arising from services provided to residents in the past. Management believes that these claims, if asserted, would be settled at amounts which would not result in additional losses to the Society.

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 15 SUBSEQUENT EVENTS**

In January 2016, the Society incurred a \$40,000 loan payable to Compass Bank, under the Obligated Group Master Trust Indenture, to repay the line of credit used to finance the Heritage Healthcare Services, Inc. acquisition as described in Note 8. The loan payable matures on December 31, 2030 with interest payments due semi-annually on June 30 and December 31 commencing June 30, 2016 and principal payments due annually each December 31, commencing December 31, 2016. The loan bears interest at the Base Interest Rate equal to the LIBOR 30 day rate plus an Applicable Spread, initially 2.43%. The Applicable Spread is subject to the maintenance of the Obligated Group's current rating assigned by S&P, Fitch and Moody's. In the event the Obligated Group's rating is downgraded, the Applicable Spread shall be increased by .10% with each downgrade. In the event of a default as described the loan agreement, a Default Interest Rate becomes effective which is equal to the Base Interest Rate plus 5%. The Society entered into a swap transaction to fix the interest rate at 4.162% beginning in April 2016.

In preparing these consolidated financial statements, the Society has considered events and transactions that have occurred through April 25, 2016, the date the consolidated financial statements were issued.





CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors  
The Evangelical Lutheran Good Samaritan Society  
and Affiliates  
Sioux Falls, South Dakota

We have audited the consolidated financial statements of The Evangelical Lutheran Good Samaritan Society and Affiliates as of and for the years ended December 31, 2015 and 2014, and our report thereon dated April 25, 2016, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The 2015 and 2014 financial statements of Good Samaritan Society Insurance, Ltd. were audited by other auditors whose reports thereon were unmodified. The Affordable Housing Entities consist of numerous entities and divisions. In 2015, 85.9% of those total assets and 36.5% of total revenues were audited by other auditors whose reports were unmodified. In 2014, 89.10% of those total assets and 88.80% of total revenues were audited by other auditors whose reports were unmodified.

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
April 25, 2016



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**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATED DEPARTMENTAL SUMMARY OF OPERATING EXPENSES**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	2015				
	Salaries and Wages	Payroll Taxes and Employee Benefits	Cost of Food and Supplies	Maintenance and Repairs	Insurance
Housing and Services:					
Resident Services	\$ 258,965	\$ 24,188	\$ 31,047	\$ 185	\$ -
Rehabilitation	901	90	1,095	8	-
Social Services and Activities	21,186	2,047	973	12	-
Laundry	7,045	698	1,763	132	-
Housekeeping	13,826	1,346	2,980	28	-
Dietary	44,160	4,119	39,491	359	-
Other Services	35,992	3,176	1,411	5	-
Operations and Maintenance	17,922	1,626	3,516	14,374	-
Property and Other	-	-	-	-	-
Administrative	96,968	11,128	4,643	4,364	-
Employee Health Benefits	-	51,058	-	-	-
Resource Development	2,604	241	38	1	-
General Insurance	-	-	-	-	19,011
Interest	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Year Ended December 31, 2015	<u>\$ 499,569</u>	<u>\$ 99,717</u>	<u>\$ 86,957</u>	<u>\$ 19,468</u>	<u>\$ 19,011</u>
Total Year Ended December 31, 2014	<u>\$ 485,377</u>	<u>\$ 94,220</u>	<u>\$ 88,789</u>	<u>\$ 19,453</u>	<u>\$ 21,583</u>

					2014
Utilities and Telephone	Contract Services	Other Expenses	Interest and Depreciation	Total	Total
\$ -	\$ 13,449	\$ 24,090	\$ -	\$ 351,924	\$ 345,387
-	48,270	73	-	50,437	56,110
-	429	1,039	-	25,686	25,882
-	694	14	-	10,346	10,596
-	280	48	-	18,508	19,379
-	5,311	97	-	93,537	94,700
-	12,338	3,373	-	56,295	35,382
28,289	1,727	9,276	-	76,730	78,250
-	-	4,600	-	4,600	4,206
3,808	9,235	46,283	-	176,429	168,143
-	-	-	-	51,058	46,468
2	97	419	-	3,402	3,972
-	-	-	-	19,011	21,583
-	-	-	23,517	23,517	22,971
-	-	-	74,078	74,078	69,352
<u>\$ 32,099</u>	<u>\$ 91,830</u>	<u>\$ 89,312</u>	<u>\$ 97,595</u>	<u>\$ 1,035,558</u>	<u>\$ 1,002,381</u>
<u>\$ 33,846</u>	<u>\$ 77,324</u>	<u>\$ 89,466</u>	<u>\$ 92,323</u>		<u>\$ 1,002,381</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATED SUMMARY OF RESOURCE DEVELOPMENT ACTIVITY**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	<u>2015</u>	<u>2014</u>
<b>RESOURCE DEVELOPMENT REVENUE</b>		
Unrestricted Gifts	\$ 4,784	\$ 8,428
Temporarily Restricted Gifts for Charity Care and Operating Expenses	2,638	5,860
Temporarily Restricted Gifts for Property Replacement and Expansion	2,288	4,576
Permanently Restricted Gifts:		
Beneficial Interest in Perpetual Trusts	(336)	(109)
Other	147	204
Total Resource Development Revenue	<u>9,521</u>	<u>18,959</u>
 <b>RESOURCE DEVELOPMENT EXPENSE</b>	 <u>3,402</u>	 <u>3,972</u>
 <b>EXCESS OF RESOURCE DEVELOPMENT REVENUES OVER EXPENSES</b>	 <u>\$ 6,119</u>	 <u>\$ 14,987</u>
 <b>ADDITIONAL INFORMATION</b>		
Noncash Property Gifts included in Resource Development Revenue	<u>\$ 251</u>	<u>\$ 379</u>
 Annuities Issued:		
Liabilities Recognized	\$ 81	\$ 198
Gift Income included in Unrestricted Gifts	48	9
Gift Income included in Temporarily Restricted Gifts	36	196
Gift Income included in Permanently Restricted Gifts	15	31
Total Assets Received in Exchange for Annuities Issued	<u>\$ 180</u>	<u>\$ 434</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2015**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 12,025	\$ 3,617	1,826
Investments	297,276	36,726	-
Accounts Receivable, Net	95,919	72	2,558
Notes and Other Current Receivables	1,304	243	-
Current Portion of Assets Limited as to Use	-	-	-
Inventory	3,943	-	22
Prepaid Expenses	6,257	10	108
Securities Lending - Collateral Held for Loaned Securities	16,145	3,609	-
Total Current Assets	432,869	44,277	4,514
<b>ASSETS LIMITED AS TO USE</b>			
Investments	110,191	273	16,794
Securities Lending - Investments Loaned to Broker	16,126	3,590	-
Total Assets Limited as to Use, Less Current Portion	126,317	3,863	16,794
<b>PROPERTY AND EQUIPMENT</b>			
Land and Land Improvements	162,557	-	5,985
Buildings and Improvements	1,425,650	-	76,943
Furniture and Equipment	285,853	-	3,026
Vehicles	19,691	-	40
Total	1,893,751	-	85,994
Less: Accumulated Depreciation	(1,031,330)	-	(22,016)
Subtotal	862,421	-	63,978
Construction and Development	121,790	-	6,153
Total Property and Equipment	984,211	-	70,131
<b>OTHER ASSETS</b>			
Investments	33,319	-	17
Other Assets	103,114	-	161
Unamortized Finance Fees	5,226	-	1,845
Total Other Assets	141,659	-	2,023
Total Assets	\$ 1,685,056	\$ 48,140	93,462

Consolidating Elimination Entries	Consolidated Total
\$ -	\$ 17,468
-	334,002
(34)	98,515
-	1,547
-	-
-	3,965
-	6,375
-	19,754
(34)	481,626
-	127,258
-	19,716
-	146,974
(151)	168,391
(4,096)	1,498,497
-	288,879
-	19,731
(4,247)	1,975,498
16	(1,053,330)
(4,231)	922,168
-	127,943
(4,231)	1,050,111
-	33,336
(29,273)	74,002
-	7,071
(29,273)	114,409
\$ (33,538)	\$ 1,793,120

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2015**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Current Maturities of Long-Term Debt	\$ 8,919	\$ -	11,001
Resident Funds and Prepaid Rents	9,138	-	-
Accounts Payable	39,896	2,430	13,356
Accrued Expenses:			
Salaries and Wages	19,849	-	150
Vacation	27,694	-	-
Employee Benefits and Payroll Taxes	12,548	-	-
Insurance	9,194	27,161	-
Interest	1,767	-	717
Current Portion of Housing Entry Fees	8,687	-	-
Securities Lending - Payable Under Investment Loan Agreement	16,590	3,678	-
Other Current Liabilities	8,804	-	3,248
Total Current Liabilities	<u>163,086</u>	<u>33,269</u>	<u>28,472</u>
<b>LONG-TERM DEBT, Less Current Maturities</b>	678,398	-	25,339
<b>OTHER LIABILITIES</b>			
Non-Refundable Housing Entry Fees	19,015	-	-
Refundable Housing Entry Fees	97,979	-	-
Annuities and Other Liabilities	8,217	-	400
Total Other Liabilities	<u>125,211</u>	<u>-</u>	<u>400</u>
<b>Total Liabilities</b>	966,695	33,269	54,211
<b>NET ASSETS</b>			
Unrestricted:			
Unrestricted	679,082	14,871	(10,310)
Non-Controlling Interest	-	-	11,601
Total Unrestricted	<u>679,082</u>	<u>14,871</u>	<u>1,291</u>
Temporarily Restricted	20,662	-	37,960
Permanently Restricted	18,617	-	-
Total Net Assets	<u>718,361</u>	<u>14,871</u>	<u>39,251</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,685,056</u>	<u>\$ 48,140</u>	<u>93,462</u>

<u>Consolidating Elimination Entries</u>	<u>Consolidated Total</u>
\$ -	\$ 19,920
-	9,138
(10,386)	45,296
-	19,999
-	27,694
-	12,548
-	36,355
(557)	1,927
-	8,687
-	20,268
(2,217)	9,835
<u>(13,160)</u>	<u>211,667</u>
(1,222)	702,515
-	19,015
-	97,979
-	8,617
<u>-</u>	<u>125,611</u>
(14,382)	1,039,793
(19,156)	664,487
-	11,601
<u>(19,156)</u>	<u>676,088</u>
-	58,622
-	18,617
<u>(19,156)</u>	<u>753,327</u>
<u>\$ (33,538)</u>	<u>\$ 1,793,120</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2015**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>OPERATING REVENUE</b>			
Housing and Services	\$ 957,722	\$ -	\$ 10,293
Resource Development	4,784	-	-
Net Assets Released from Restrictions for Operating Purposes	2,269	-	270
Underwriting Income	-	12,834	-
Other Revenue	38,204	-	544
Total Operating Revenue	<u>1,002,979</u>	<u>12,834</u>	<u>11,107</u>
<b>OPERATING EXPENSE</b>			
Housing and Services	684,765	-	3,298
Administrative	173,733	-	3,571
Employee Health Benefits	50,761	-	297
Resource Development	3,402	-	-
General Insurance	18,486	11,177	525
Interest	22,294	-	1,382
Depreciation	71,445	-	2,644
Total Operating Expense	<u>1,024,886</u>	<u>11,177</u>	<u>11,717</u>
<b>OPERATING INCOME (LOSS)</b>	(21,907)	1,657	(610)
<b>NONOPERATING GAINS (LOSSES) AND OTHER SUPPORT</b>			
Interest Income	8,165	1,117	23
Realized Gain on Investments	9,647	447	-
Unrealized Loss on Investments	(15,994)	(1,266)	-
Loss on Disposal and Impairment of Property	(11,016)	-	2,551
Loss on Extinguishment of Debt	(4,560)	-	-
Total Nonoperating Gains (Losses) and Other Support	<u>(13,758)</u>	<u>298</u>	<u>2,574</u>
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENSE</b>	(35,665)	1,955	1,964
Assets Released from Restrictions for Capital Purposes	3,354	-	-
Change in Non-Controlling Interest	-	-	947
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE DISCONTINUED OPERATIONS</b>	(32,311)	1,955	2,911
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	(2,929)	-	-
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>\$ (35,240)</u>	<u>\$ 1,955</u>	<u>\$ 2,911</u>

Consolidating Elimination Entries	Consolidated Total
\$ -	\$ 968,015
-	4,784
-	2,539
(12,834)	-
(2,309)	36,439
<u>(15,143)</u>	<u>1,011,777</u>
-	688,063
(875)	176,429
-	51,058
-	3,402
(11,177)	19,011
(159)	23,517
(11)	74,078
<u>(12,222)</u>	<u>1,035,558</u>
(2,921)	(23,781)
(1,296)	8,009
(447)	9,647
1,266	(15,994)
-	(8,465)
-	(4,560)
<u>(477)</u>	<u>(11,363)</u>
(3,398)	(35,144)
-	3,354
-	947
(3,398)	(30,843)
-	(2,929)
<u>\$ (3,398)</u>	<u>\$ (33,772)</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2015**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>UNRESTRICTED NET ASSETS</b>			
Excess (Deficit) of Revenues over Expenses	\$ (35,665)	\$ 1,955	\$ 1,964
Assets Released from Restrictions for Capital Purposes	3,354	-	-
Change in Non-Controlling Interest	-	-	947
Change in Unrestricted Net Assets Before Discontinued Operations	(32,311)	1,955	2,911
Loss from Discontinued Operations	(2,929)	-	-
Change in Unrestricted Net Assets	(35,240)	1,955	2,911
<b>TEMPORARILY RESTRICTED NET ASSETS</b>			
Contributions for Charity Care and Operating Expenses	2,638	-	-
Contributions for Capital Purposes	2,288	-	-
Net Assets Released from Restrictions	(5,623)	-	(270)
Change in Temporarily Restricted Net Assets Before Discontinued Operations	(697)	-	(270)
Loss from Discontinued Operations	-	-	-
Change in Temporarily Restricted Net Assets	(697)	-	(270)
<b>PERMANENTLY RESTRICTED NET ASSETS</b>			
Contributions for Endowment Funds and Trusts	147	-	-
Decrease in Beneficial Interest in Perpetual Trust	(336)	-	-
Change in Permanently Restricted Net Assets	(189)	-	-
<b>CHANGE IN NET ASSETS</b>	(36,126)	1,955	2,641
Net Assets - Beginning of Year	754,487	12,916	36,610
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 718,361</u>	<u>\$ 14,871</u>	<u>\$ 39,251</u>

Consolidating Elimination Entries	Consolidated Total
\$ (3,398)	\$ (35,144)
-	3,354
-	947
(3,398)	(30,843)
-	(2,929)
(3,398)	(33,772)
-	2,638
-	2,288
-	(5,893)
-	(967)
-	-
-	(967)
-	147
-	(336)
-	(189)
(3,398)	(34,928)
(15,758)	788,255
<u>\$ (19,156)</u>	<u>\$ 753,327</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2015**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in Net Assets	\$ (36,126)	\$ 1,955	\$ 2,641
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:			
Reconciling Items Included in Discontinued Operations	2,728	-	-
Depreciation	71,445	-	2,644
Amortization	(881)	84	78
Provision for Bad Debts	1,118	-	11
Housing Entry Fees and Annuities Revenue	(3,404)	-	-
Realized and Unrealized Loss on Investments	6,347	819	-
Change in Beneficial Interest in Perpetual Trusts	336	-	-
(Gain) Loss on Disposal and Impairment of Property	11,016	-	(2,551)
Loss on Refinancing of Debt	4,560	-	-
Change in Non-Controlling Interest	-	-	(947)
Reclassification of Restricted Contributions	(2,435)	-	(28)
(Increase) Decrease in Assets:			
Accounts Receivable	(14,117)	219	(83)
Other Current Assets	(2,740)	(139)	(27)
Increase (Decrease) in Liabilities:			
Resident Funds, Prepaid Rents and			
Accounts Payable	(125)	804	1,275
Accrued Expenses and Other Current Liabilities	10,630	(1,986)	464
Net Cash Provided by Operating Activities	48,352	1,756	3,477
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Change in Investments	435	(241)	287
Change in Notes Receivable and Other Assets	(9,416)	-	(3,920)
Business Acquisitions	(37,000)	-	-
Property Additions	(125,112)	-	(15,034)
Proceeds from Sale of Property	3,982	-	2,047
Net Cash Used by Investing Activities	(167,111)	(241)	(16,620)

Consolidating Elimination Entries	Consolidated Total
\$ (3,398)	\$ (34,928)
-	2,728
(11)	74,078
-	(719)
-	1,129
-	(3,404)
(819)	6,347
-	336
-	8,465
-	4,560
-	(947)
-	(2,463)
3,530	(10,451)
-	(2,906)
-	1,954
-	9,108
<u>(698)</u>	<u>52,887</u>
-	481
6,287	(7,049)
-	(37,000)
8,363	(131,783)
-	6,029
<u>14,650</u>	<u>(169,322)</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2015**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Annuities Issued and Housing Entry Fees	27,742	-	-
Refund of Housing Entry Fees	(12,924)	-	-
Repayment of Long-Term Debt	(18,314)	-	(2,466)
Proceeds from Contributions	2,435	-	951
Change in Intercompany Payable	-	-	3,530
Distributions to Society	-	-	-
Net Distributions to Minority Interest Partner	-	-	-
Net Cash Provided by Financing Activities	<u>118,171</u>	<u>-</u>	<u>14,084</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(588)	1,515	941
Cash and Cash Equivalents - Beginning of Year	<u>12,613</u>	<u>2,102</u>	<u>885</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 12,025</u></u>	<u><u>\$ 3,617</u></u>	<u><u>\$ 1,826</u></u>

<u>Consolidating Elimination Entries</u>	<u>Consolidated Total</u>
-	27,742
-	(12,924)
2,466	(18,314)
-	3,386
(3,530)	-
-	-
-	-
<u>(13,952)</u>	<u>118,303</u>
-	1,868
-	15,600
<u>\$ -</u>	<u>\$ 17,468</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP BALANCE SHEET**  
**DECEMBER 31, 2015**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 11,970	\$ 55	\$ -	\$ 12,025
Investments	283,854	13,422	-	297,276
Accounts Receivable, Net	96,649	-	(730)	95,919
Notes and Other Current Receivables	1,304	-	-	1,304
Current Portion of Assets Limited as to Use	-	-	-	-
Inventory	3,943	-	-	3,943
Prepaid Expenses	6,257	-	-	6,257
Securities Lending - Collateral Held for Loaned Securities	16,145	-	-	16,145
Total Current Assets	420,122	13,477	(730)	432,869
<b>ASSETS LIMITED AS TO USE</b>				
Investments	82,445	27,746	-	110,191
Securities Lending - Investments Loaned to Broker	16,126	-	-	16,126
Total Assets Limited as to Use, Less Current Portion	98,571	27,746	-	126,317
<b>PROPERTY AND EQUIPMENT</b>				
Land and Land Improvements	162,557	-	-	162,557
Buildings and Improvements	1,425,650	-	-	1,425,650
Furniture and Equipment	285,852	1	-	285,853
Vehicles	19,691	-	-	19,691
Total	1,893,750	1	-	1,893,751
Less: Accumulated Depreciation	(1,031,330)	-	-	(1,031,330)
Subtotal	862,420	1	-	862,421
Construction and Development	121,790	-	-	121,790
Total Property and Equipment	984,210	1	-	984,211
<b>OTHER ASSETS</b>				
Investments	16,226	17,093	-	33,319
Other Assets	161,301	-	(58,187)	103,114
Unamortized Finance Fees	5,226	-	-	5,226
Total Other Assets	182,753	17,093	(58,187)	141,659
Total Assets	<u>\$ 1,685,656</u>	<u>\$ 58,317</u>	<u>\$ (58,917)</u>	<u>\$ 1,685,056</u>

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Maturities of Long-Term Debt	\$ 8,919	\$ -	\$ -	\$ 8,919
Resident Funds and Prepaid Rents	9,138	-	-	9,138
Accounts Payable	39,885	32	(21)	39,896
Accrued Expenses:				
Salaries and Wages	19,842	7	-	19,849
Vacation	27,694	-	-	27,694
Employee Benefits and Payroll Taxes	12,548	-	-	12,548
Insurance	9,194	-	-	9,194
Interest	2,476	-	(709)	1,767
Current Portion of Housing Entry Fees	8,687	-	-	8,687
Securities Lending - Payable Under Investment Loan Agreement	16,590	-	-	16,590
Other Current Liabilities	8,804	-	-	8,804
Total Current Liabilities	<u>163,777</u>	<u>39</u>	<u>(730)</u>	<u>163,086</u>
<b>LONG-TERM DEBT</b> , Less Current Maturities	678,398	-	-	678,398
<b>OTHER LIABILITIES</b>				
Non-Refundable Housing Entry Fees	19,015	-	-	19,015
Refundable Housing Entry Fees	97,979	-	-	97,979
Annuities and Other Liabilities	8,126	91	-	8,217
Total Other Liabilities	<u>125,120</u>	<u>91</u>	<u>-</u>	<u>125,211</u>
Total Liabilities	967,295	130	(730)	966,695
<b>NET ASSETS</b>				
Unrestricted	679,082	41,111	(41,111)	679,082
Temporarily Restricted	20,662	2,642	(2,642)	20,662
Permanently Restricted	18,617	14,434	(14,434)	18,617
Total Net Assets	<u>718,361</u>	<u>58,187</u>	<u>(58,187)</u>	<u>718,361</u>
Total Liabilities and Net Assets	<u>\$ 1,685,656</u>	<u>\$ 58,317</u>	<u>\$ (58,917)</u>	<u>\$ 1,685,056</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2015**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>OPERATING REVENUE</b>				
Housing and Services	\$ 957,722	\$ -	\$ -	\$ 957,722
Resource Development	4,784	-	-	4,784
Net Assets Released from Restrictions for Operating Purposes	2,269	-	-	2,269
Other Revenue	38,204	-	-	38,204
Total Operating Revenue	<u>1,002,979</u>	<u>-</u>	<u>-</u>	<u>1,002,979</u>
<b>OPERATING EXPENSE</b>				
Housing and Services	684,740	25	-	684,765
Administrative	173,114	619	-	173,733
Employee Health Benefits	50,761	-	-	50,761
Resource Development	2,226	1,176	-	3,402
General Insurance	18,486	-	-	18,486
Interest	22,294	-	-	22,294
Depreciation	71,445	-	-	71,445
Total Operating Expense	<u>1,023,066</u>	<u>1,820</u>	<u>-</u>	<u>1,024,886</u>
<b>OPERATING LOSS</b>	(20,087)	(1,820)	-	(21,907)
<b>NONOPERATING GAINS (LOSSES) AND OTHER SUPPORT</b>				
Interest Income	5,603	809	1,753	8,165
Realized Gain on Investments	8,048	1,599	-	9,647
Unrealized Loss on Investments	(13,653)	(2,341)	-	(15,994)
Loss on Disposal and Impairment of Property	(11,016)	-	-	(11,016)
Loss on Extinguishment of Debt	(4,560)	-	-	(4,560)
Total Nonoperating Gains (Losses) and Other Support	<u>(15,578)</u>	<u>67</u>	<u>1,753</u>	<u>(13,758)</u>
<b>DEFICIT OF REVENUE OVER EXPENSE</b>	(35,665)	(1,753)	1,753	(35,665)
Assets Released from Restrictions for Capital Purposes	3,354	-	-	3,354
Transfer to Foundation from Society	(1,909)	1,909	-	-
Increase in Interest in the Unrestricted Net Assets of the Foundation	<u>1,909</u>	<u>-</u>	<u>(1,909)</u>	<u>-</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE DISCONTINUED OPERATIONS</b>	(32,311)	156	(156)	(32,311)
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	<u>(2,929)</u>	<u>-</u>	<u>-</u>	<u>(2,929)</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>\$ (35,240)</u>	<u>\$ 156</u>	<u>\$ (156)</u>	<u>\$ (35,240)</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2015**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>UNRESTRICTED NET ASSETS</b>				
Deficit of Revenues over Expenses	\$ (35,665)	\$ (1,753)	\$ 1,753	\$ (35,665)
Net Assets Released from Restrictions for Capital Purposes	3,354	-	-	3,354
Transfer to Foundation from Society	(1,909)	1,909	-	-
Increase in Interest in the Unrestricted Net Assets of the Foundation	1,909	-	(1,909)	-
Change in Unrestricted Net Assets Before Discontinued Operations	(32,311)	156	(156)	(32,311)
Loss from Discontinued Operations	(2,929)	-	-	(2,929)
Change in Unrestricted Net Assets	(35,240)	156	(156)	(35,240)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
Contributions for Charity Care and Operating Expenses	2,096	542	-	2,638
Contributions for Capital Purposes	2,288	-	-	2,288
Net Assets Released from Restrictions	(5,623)	-	-	(5,623)
Transfer from Foundation to Society	442	(442)	-	-
Increase in Interest in the Temporarily Restricted Net Assets of the Foundation	100	-	(100)	-
Change in Temporarily Restricted Net Assets Before Discontinued Operations	(697)	100	(100)	(697)
Loss from Discontinued Operations	-	-	-	-
Change in Temporarily Restricted Net Assets	(697)	100	(100)	(697)
<b>PERMANENTLY RESTRICTED NET ASSETS</b>				
Contributions for Endowment Funds and Trusts	93	54	-	147
Decrease in Beneficial Interest in Perpetual Trust	(336)	-	-	(336)
Transfers to Foundation from Society	(94)	94	-	-
Increase in Interest in the Permanently Restricted Net Assets of the Foundation	148	-	(148)	-
Change in Permanently Restricted Net Assets	(189)	148	(148)	(189)
<b>CHANGE IN NET ASSETS</b>	(36,126)	404	(404)	(36,126)
Net Assets - Beginning of Year	754,487	57,783	(57,783)	754,487
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 718,361</u>	<u>\$ 58,187</u>	<u>\$ (58,187)</u>	<u>\$ 718,361</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2015**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entities	Obligated Group Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in Net Assets	\$ (36,126)	\$ 404	\$ (404)	\$ (36,126)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Reconciling Items Included in				
Discontinued Operations	2,728	-	-	2,728
Depreciation	71,445	-	-	71,445
Amortization	(881)	-	-	(881)
Provision for Bad Debts	1,118	-	-	1,118
Housing Entry Fees and Annuities Revenue	(3,389)	(15)	-	(3,404)
Realized and Unrealized Loss on Investments	5,605	742	-	6,347
Change in Beneficial Interest in Perpetual Trusts	336	-	-	336
Loss on Disposal and Impairment of Property	11,016	-	-	11,016
Loss on Refinancing of Debt	4,560	-	-	4,560
Reclassification of Restricted Contributions	(2,381)	(54)	-	(2,435)
Transfer to Foundation	(1,745)	1,745	-	-
(Increase) Decrease in Assets:				
Accounts Receivable	(14,117)	-	-	(14,117)
Other Current Assets	(2,740)	-	-	(2,740)
Increase (Decrease) in Liabilities:				
Resident Funds, Prepaid Rents and Accounts Payable	(125)	-	-	(125)
Accrued Expenses and Other Current Liabilities	10,610	20	-	10,630
Net Cash Provided by Operating Activities	45,914	2,842	(404)	48,352
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in Investments	3,311	(2,876)	-	435
Change in Notes Receivable and Other Assets	(9,820)	-	404	(9,416)
Business Acquisitions	(37,000)	-	-	(37,000)
Property Additions	(125,112)	-	-	(125,112)
Proceeds from Sale of Property	3,982	-	-	3,982
Net Cash Used by Investing Activities	(164,639)	(2,876)	404	(167,111)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from Annuities Issued and Housing Entry Fees	27,742	-	-	27,742
Refund of Housing Entry Fees	(12,924)	-	-	(12,924)
Payment of Deferred Financing Fees	(2,733)	-	-	(2,733)
Proceeds from Issuance of Long-Term Debt	121,965	-	-	121,965
Repayment of Long-Term Debt	(18,314)	-	-	(18,314)
Proceeds from Contributions	2,381	54	-	2,435
Net Cash Provided by Financing Activities	118,117	54	-	118,171
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(608)	20	-	(588)
Cash and Cash Equivalents - Beginning of Year	12,578	35	-	12,613
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 11,970</u>	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 12,025</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 12,613	\$ 2,102	\$ 885
Investments	345,620	38,427	-
Accounts Receivable, Net	83,465	290	107
Notes and Other Current Receivables	1,666	245	-
Current Portion of Assets Limited as to Use	-	-	-
Inventory	4,010	-	6
Prepaid Expenses	3,450	10	84
Securities Lending - Collateral Held for Loaned Securities	22,782	2,543	-
Total Current Assets	473,606	43,617	1,082
<b>ASSETS LIMITED AS TO USE</b>			
Investments	61,760	132	13,159
Securities Lending - Investments Loaned to Broker	22,577	2,550	-
Total Assets Limited as to Use	84,337	2,682	13,159
<b>PROPERTY AND EQUIPMENT</b>			
Land and Land Improvements	154,728	-	6,297
Buildings and Improvements	1,375,418	-	74,280
Furniture and Equipment	259,096	-	2,989
Vehicles	18,775	-	40
Total	1,808,017	-	83,606
Less: Accumulated Depreciation	(973,250)	-	(24,929)
Subtotal	834,767	-	58,677
Construction and Development	109,704	-	889
Total Property and Equipment	944,471	-	59,566
<b>OTHER ASSETS</b>			
Investments	33,785	-	19
Other Assets	56,672	-	192
Unamortized Finance Fees	3,345	-	1,101
Total Other Assets	93,802	-	1,312
Total Assets	\$ 1,596,216	\$ 46,299	\$ 75,119

Consolidating Elimination Entries	Consolidated Total
\$ -	\$ 15,600
-	384,047
(16)	83,846
-	1,911
-	-
-	4,016
-	3,544
-	25,325
(16)	518,289
-	75,051
-	25,127
-	100,178
(151)	160,874
(2,637)	1,447,061
-	262,085
-	18,815
(2,788)	1,888,835
5	(998,174)
(2,783)	890,661
-	110,593
(2,783)	1,001,254
-	33,804
(22,986)	33,878
-	4,446
(22,986)	72,128
\$ (25,785)	\$ 1,691,849

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Current Maturities of Long-Term Debt	\$ 10,775	\$ -	\$ 4,744
Resident Funds and Prepaid Rents	5,560	-	-
Accounts Payable	36,228	1,625	8,500
Accrued Expenses:			
Salaries and Wages	17,097	-	99
Vacation	26,987	-	-
Employee Benefits and Payroll Taxes	10,217	-	-
Insurance	9,552	29,146	-
Interest	1,852	-	60
Current Portion of Housing Entry Fees	8,687	-	-
Securities Lending - Payable Under Investment Loan Agreement	23,262	2,612	-
Other Current Liabilities	7,651	-	3,487
Total Current Liabilities	<u>157,868</u>	<u>33,383</u>	<u>16,890</u>
<b>LONG-TERM DEBT, Less Current Maturities</b>	570,064	-	21,179
<b>OTHER LIABILITIES</b>			
Refundable Housing Entry Fees	17,775	-	-
Non-Refundable Housing Entry Fees	87,297	-	-
Annuities and Other Liabilities	8,725	-	440
Total Other Liabilities	<u>113,797</u>	<u>-</u>	<u>440</u>
<b>Total Liabilities</b>	841,729	33,383	38,509
<b>NET ASSETS</b>			
Unrestricted:			
Unrestricted	714,322	12,916	(13,510)
Non-Controlling Interest	-	-	11,890
Total Unrestricted	<u>714,322</u>	<u>12,916</u>	<u>(1,620)</u>
Temporarily Restricted	21,359	-	38,230
Permanently Restricted	18,806	-	-
Total Net Assets	<u>754,487</u>	<u>12,916</u>	<u>36,610</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,596,216</u>	<u>\$ 46,299</u>	<u>\$ 75,119</u>



Consolidating Elimination Entries	Consolidated Total
\$ -	\$ 15,519
-	5,560
(6,132)	40,221
-	17,196
-	26,987
-	10,217
-	38,698
(343)	1,569
-	8,687
-	25,874
(2,330)	8,808
(8,805)	199,336
(1,222)	590,021
-	17,775
-	87,297
-	9,165
-	114,237
(10,027)	903,594
(15,758)	697,970
-	11,890
(15,758)	709,860
-	59,589
-	18,806
(15,758)	788,255
\$ (25,785)	\$ 1,691,849

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>OPERATING REVENUE</b>			
Housing and Services	\$ 929,270	\$ -	\$ 9,255
Resource Development	8,428	-	-
Net Assets Released from Restrictions for Operating Purposes	3,077	-	-
Underwriting Income	-	12,927	-
Other Revenue	33,301	-	347
Total Operating Revenue	<u>974,076</u>	<u>12,927</u>	<u>9,602</u>
<b>OPERATING EXPENSE</b>			
Housing and Services	666,378	-	3,514
Administrative	165,658	-	3,294
Employee Health Benefits	46,174	-	294
Resource Development	3,972	-	-
General Insurance	21,068	16,382	515
Interest	21,762	-	1,343
Depreciation	66,809	-	2,548
Total Operating Expense	<u>991,821</u>	<u>16,382</u>	<u>11,508</u>
<b>OPERATING LOSS</b>	(17,745)	(3,455)	(1,906)
<b>NONOPERATING GAINS (LOSSES) AND OTHER SUPPORT</b>			
Interest Income	6,543	1,128	6
Realized Gain on Investments	4,559	600	-
Unrealized Gain on Investments	13,306	859	-
Loss on Disposal and Impairment of Property	(9,503)	-	-
Loss on Extinguishment of Debt	(1,355)	-	-
Total Nonoperating Gains and Other Support	<u>13,550</u>	<u>2,587</u>	<u>6</u>
<b>DEFICIT OF REVENUE OVER EXPENSE</b>	(4,195)	(868)	(1,900)
Assets Released from Restrictions for Capital Purposes	7,880	-	-
Change in Non-Controlling Interest	-	-	1,477
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE DISCONTINUED OPERATIONS</b>	3,685	(868)	(423)
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	(7,361)	-	-
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>\$ (3,676)</u>	<u>\$ (868)</u>	<u>\$ (423)</u>

Consolidating Elimination Entries	Consolidated Total
\$ -	\$ 938,525
-	8,428
-	3,077
(12,927)	-
(1,406)	32,242
<u>(14,333)</u>	<u>982,272</u>
-	669,892
(809)	168,143
-	46,468
-	3,972
(16,382)	21,583
(134)	22,971
(5)	69,352
<u>(17,330)</u>	<u>1,002,381</u>
2,997	(20,109)
(1,262)	6,415
(600)	4,559
(859)	13,306
(646)	(10,149)
<u>-</u>	<u>(1,355)</u>
<u>(3,367)</u>	<u>12,776</u>
(370)	(7,333)
-	7,880
<u>-</u>	<u>1,477</u>
(370)	2,024
<u>-</u>	<u>(7,361)</u>
<u>\$ (370)</u>	<u>\$ (5,337)</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>UNRESTRICTED NET ASSETS</b>			
Deficit of Revenues over Expenses	\$ (4,195)	\$ (868)	\$ (1,900)
Assets Released from Restrictions for Capital Purposes	7,880	-	-
Change in Non-Controlling Interest	-	-	1,477
Change in Unrestricted Net Assets Before Discontinued Operations	3,685	(868)	(423)
Loss from Discontinued Operations	(7,361)	-	-
Change in Unrestricted Net Assets	(3,676)	(868)	(423)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>			
Contributions for Charity Care and Operating Expenses	5,409	-	451
Contributions for Capital Purposes	4,576	-	-
Net Assets Released from Restrictions	(10,957)	-	-
Change in Temporarily Restricted Net Assets Before Discontinued Operations	(972)	-	451
Loss from Discontinued Operations	(55)	-	-
Change in Temporarily Restricted Net Assets	(1,027)	-	451
<b>PERMANENTLY RESTRICTED NET ASSETS</b>			
Contributions for Endowment Funds and Trusts	204	-	-
Decrease in Beneficial Interest in Perpetual Trust	(109)	-	-
Change in Permanently Restricted Net Assets	95	-	-
<b>CHANGE IN NET ASSETS</b>	(4,608)	(868)	28
Net Assets - Beginning of Year	759,095	13,784	36,582
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 754,487</u>	<u>\$ 12,916</u>	<u>\$ 36,610</u>

Consolidating Elimination Entries	Consolidated Total
\$ (370)	\$ (7,333)
-	7,880
-	1,477
(370)	2,024
-	(7,361)
(370)	(5,337)
-	5,860
-	4,576
-	(10,957)
-	(521)
-	(55)
-	(576)
-	204
-	(109)
-	95
(370)	(5,818)
(15,388)	794,073
<u>\$ (15,758)</u>	<u>\$ 788,255</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in Net Assets	\$ (4,608)	\$ (868)	\$ 28
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:			
Reconciling Items Included in Discontinued Operations	6,110	-	-
Depreciation	66,809	-	2,548
Amortization	(101)	91	67
Provision for Bad Debts	(2,509)	-	13
Noncash Member Distribution	-	-	-
Housing Entry Fees and Annuities Revenue	(3,278)	-	-
Realized and Unrealized Gain on Investments	(17,865)	(1,459)	-
Change in Beneficial Interest in Perpetual Trusts	109	-	-
Loss on Disposal and Impairment of Property	9,503	-	-
Loss on Refinancing of Debt	1,355	-	-
Change in Non-Controlling Interest	-	-	(1,477)
Reclassification of Restricted Contributions	(4,780)	-	(32)
(Increase) Decrease in Assets:			
Accounts Receivable	3,315	(84)	(49)
Other Current Assets	453	163	2
Increase (Decrease) in Liabilities:			
Resident Funds, Prepaid Rents and Accounts Payable	4,955	389	(74)
Accrued Expenses and Other Current Liabilities	(3,480)	787	921
Net Cash Provided (Used) by Operating Activities	55,988	(981)	1,947
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Change in Investments	30,210	(849)	75
Change in Notes Receivable and Other Assets	(272)	-	(6,588)
Business Acquisitions	(18,250)	-	-
Property Additions	(106,312)	-	(5,470)
Proceeds from Sale of Property	3,597	-	(56)
Net Cash Used by Investing Activities	(91,027)	(849)	(12,039)

Consolidating Elimination Entries		Consolidated Total	
<hr/>		<hr/>	
\$	(370)	\$	(5,818)
	-		6,110
	(5)		69,352
	-		57
	-		(2,496)
	-		-
	-		(3,278)
	1,459		(17,865)
	-		109
	646		10,149
	-		1,355
	-		(1,477)
	-		(4,812)
	2,933		6,115
	-		618
	-		5,270
	-		(1,772)
	<hr/> 4,663		<hr/> 61,617
	-		29,436
	3,410		(3,450)
	-		(18,250)
	905		(110,877)
	-		3,541
	<hr/> 4,315		<hr/> (99,600)

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Annuities Issued and Housing Entry Fees	21,086	-	-
Refund of Housing Entry Fees	(11,448)	-	-
Payment of Financing Fees	-	-	(513)
Proceeds from Long-Term Debt Borrowings	27,000	-	8,374
Repayment of Long-Term Debt	(12,348)	-	(2,329)
Proceeds from Contributions	4,780	-	1,497
Change in Intercompany Payable	-	-	2,933
Net Cash Provided by Financing Activities	<u>29,070</u>	<u>-</u>	<u>9,962</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(5,969)	(1,830)	(130)
Cash and Cash Equivalents - Beginning of Year	<u>18,582</u>	<u>3,932</u>	<u>1,015</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 12,613</u></u>	<u><u>\$ 2,102</u></u>	<u><u>\$ 885</u></u>



Consolidating Elimination Entries	Consolidated Total
-	21,086
-	(11,448)
-	(513)
(8,374)	27,000
2,329	(12,348)
-	6,277
(2,933)	-
(8,978)	30,054
-	(7,929)
-	23,529
\$ -	\$ 15,600

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP BALANCE SHEET**  
**DECEMBER 31, 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 12,578	\$ 35	\$ -	\$ 12,613
Investments	331,807	13,813	-	345,620
Accounts Receivable, Net	83,650	-	(185)	83,465
Notes and Other Current Receivables	1,666	-	-	1,666
Current Portion of Assets Limited as to Use	-	-	-	-
Inventory	4,010	-	-	4,010
Prepaid Expenses	3,450	-	-	3,450
Securities Lending - Collateral Held for Loaned Securities	22,782	-	-	22,782
Total Current Assets	459,943	13,848	(185)	473,606
<b>ASSETS LIMITED AS TO USE</b>				
Investments	34,535	27,225	-	61,760
Securities Lending - Investments Loaned to Broker	22,577	-	-	22,577
Total Assets Limited as to Use	57,112	27,225	-	84,337
<b>PROPERTY AND EQUIPMENT</b>				
Land and Land Improvements	154,728	-	-	154,728
Buildings and Improvements	1,375,418	-	-	1,375,418
Furniture and Equipment	259,095	1	-	259,096
Vehicles	18,775	-	-	18,775
Total	1,808,016	1	-	1,808,017
Less: Accumulated Depreciation	(973,250)	-	-	(973,250)
Subtotal	834,766	1	-	834,767
Construction and Development	109,704	-	-	109,704
Total Property and Equipment	944,470	1	-	944,471
<b>OTHER ASSETS</b>				
Investments	16,948	16,837	-	33,785
Other Assets	114,455	-	(57,783)	56,672
Unamortized Finance Fees	3,345	-	-	3,345
Total Other Assets	134,748	16,837	(57,783)	93,802
Total Assets	\$ 1,596,273	\$ 57,911	\$ (57,968)	\$ 1,596,216

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Maturities of Long-Term Debt	\$ 10,775	\$ -	\$ -	\$ 10,775
Resident Funds and Prepaid Rents	5,560	-	-	5,560
Accounts Payable	36,221	7	-	36,228
Accrued Expenses:				
Salaries and Wages	17,082	15	-	17,097
Vacation	26,987	-	-	26,987
Employee Benefits and Payroll Taxes	10,217	-	-	10,217
Insurance	9,552	-	-	9,552
Interest	2,037	-	(185)	1,852
Current Portion of Housing Entry Fees	8,687	-	-	8,687
Securities Lending - Payable Under Investment Loan Agreement	23,262	-	-	23,262
Other Current Liabilities	7,651	-	-	7,651
Total Current Liabilities	158,031	22	(185)	157,868
<b>LONG-TERM DEBT, Less Current Maturities</b>	570,064	-	-	570,064
<b>OTHER LIABILITIES</b>				
Refundable Housing Entry Fees	17,775	-	-	17,775
Non-Refundable Housing Entry Fees	87,297	-	-	87,297
Annuities and Other Liabilities	8,619	106	-	8,725
Total Other Liabilities	113,691	106	-	113,797
<b>Total Liabilities</b>	841,786	128	(185)	841,729
<b>NET ASSETS</b>				
Unrestricted	714,322	40,955	(40,955)	714,322
Temporarily Restricted	21,359	2,542	(2,542)	21,359
Permanently Restricted	18,806	14,286	(14,286)	18,806
Total Net Assets	754,487	57,783	(57,783)	754,487
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,596,273</b>	<b>\$ 57,911</b>	<b>\$ (57,968)</b>	<b>\$ 1,596,216</b>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>OPERATING REVENUE</b>				
Housing and Services	\$ 929,270	\$ -	\$ -	\$ 929,270
Resource Development	8,428	-	-	8,428
Net Assets Released from Restrictions for Operating Purposes	3,077	-	-	3,077
Other Revenue	33,301	-	-	33,301
Total Operating Revenue	<u>974,076</u>	<u>-</u>	<u>-</u>	<u>974,076</u>
<b>OPERATING EXPENSE</b>				
Housing and Services	666,352	26	-	666,378
Administrative	165,231	427	-	165,658
Employee Health Benefits	46,174	-	-	46,174
Resource Development	2,747	1,225	-	3,972
General Insurance	21,068	-	-	21,068
Interest	21,762	-	-	21,762
Depreciation	66,809	-	-	66,809
Total Operating Expense	<u>990,143</u>	<u>1,678</u>	<u>-</u>	<u>991,821</u>
<b>OPERATING LOSS</b>	(16,067)	(1,678)	-	(17,745)
<b>NONOPERATING GAINS (LOSSES) AND OTHER SUPPORT</b>				
Interest Income	7,663	731	(1,851)	6,543
Realized Gain on Investments	3,827	732	-	4,559
Unrealized Gain on Investments	11,240	2,066	-	13,306
Loss on Disposal and Impairment of Property	(9,503)	-	-	(9,503)
Loss on Extinguishment of Debt	(1,355)	-	-	(1,355)
Total Nonoperating Gains and Other Support	<u>11,872</u>	<u>3,529</u>	<u>(1,851)</u>	<u>13,550</u>
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENSE</b>	(4,195)	1,851	(1,851)	(4,195)
Assets Released from Restrictions for Capital Items	7,880	-	-	7,880
Transfer to Foundation from Society	(3,940)	3,940	-	-
Increase in Interest in the Unrestricted Net Assets of the Foundation	3,940	-	(3,940)	-
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE DISCONTINUED OPERATIONS</b>	3,685	5,791	(5,791)	3,685
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	<u>(7,361)</u>	<u>-</u>	<u>-</u>	<u>(7,361)</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>\$ (3,676)</u>	<u>\$ 5,791</u>	<u>\$ (5,791)</u>	<u>\$ (3,676)</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>UNRESTRICTED NET ASSETS</b>				
Excess (Deficit) of Revenues over Expenses	\$ (4,195)	\$ 1,851	\$ (1,851)	\$ (4,195)
Net Assets Released from Restrictions for Capital Purposes	7,880	-	-	7,880
Transfer to Foundation from Society	(3,940)	3,940	-	-
Increase in Interest in the Unrestricted Net Assets of the Foundation	3,940	-	(3,940)	-
Change in Unrestricted Net Assets Before Discontinued Operations	3,685	5,791	(5,791)	3,685
Loss from Discontinued Operations	(7,361)	-	-	(7,361)
Change in Unrestricted Net Assets	(3,676)	5,791	(5,791)	(3,676)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
Contributions for Charity Care and Operating Expenses	4,433	976	-	5,409
Contributions for Capital Purposes	4,576	-	-	4,576
Net Assets Released from Restrictions	(10,957)	-	-	(10,957)
Transfer to Society from Foundation	544	(544)	-	-
Increase in Interest in the Temporarily Restricted Net Assets of the Foundation	432	-	(432)	-
Change in Temporarily Restricted Net Assets Before Discontinued Operations	(972)	432	(432)	(972)
Loss from Discontinued Operations	(55)	-	-	(55)
Change in Temporarily Restricted Net Assets	(1,027)	432	(432)	(1,027)
<b>PERMANENTLY RESTRICTED NET ASSETS</b>				
Contributions for Endowment Funds and Trusts	199	5	-	204
Decrease in Beneficial Interest in Perpetual Trust	(109)	-	-	(109)
Transfers to Foundation from Society	(1,309)	1,309	-	-
Increase in Interest in the Permanently Restricted Net Assets of the Foundation	1,314	-	(1,314)	-
Change in Permanently Restricted Net Assets	95	1,314	(1,314)	95
<b>CHANGE IN NET ASSETS</b>	(4,608)	7,537	(7,537)	(4,608)
Net Assets - Beginning of Year	759,095	50,246	(50,246)	759,095
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 754,487</u>	<u>\$ 57,783</u>	<u>\$ (57,783)</u>	<u>\$ 754,487</u>

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

FEB 17 PM 2:50

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in Net Assets	\$ (4,608)	\$ 7,537	\$ (7,537)	\$ (4,608)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Reconciling Items Included in				
Discontinued Operations	6,110	-	-	6,110
Depreciation	66,809	-	-	66,809
Amortization	(101)	-	-	(101)
Provision for Bad Debts	(2,509)	-	-	(2,509)
Housing Entry Fees and Annuities Revenue	(3,279)	1	-	(3,278)
Realized and Unrealized Gain on Investments	(15,067)	(2,798)	-	(17,865)
Change in Beneficial Interest in Perpetual Trusts	109	-	-	109
Loss on Disposal and Impairment of Property	9,503	-	-	9,503
Loss on Refinancing of Debt	1,355	-	-	1,355
Reclassification of Restricted Contributions	(4,775)	(5)	-	(4,780)
Transfer to Foundation	2,952	(2,952)	-	-
(Increase) Decrease in Assets:				
Accounts Receivable	3,315	-	-	3,315
Other Current Assets	443	10	-	453
Increase (Decrease) in Liabilities:				
Resident Funds, Prepaid Rents and				
Accounts Payable	4,955	-	-	4,955
Accrued Expenses and Other Current				
Liabilities	(3,473)	(7)	-	(3,480)
Net Cash Provided by Operating Activities	61,739	1,786	(7,537)	55,988
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in Investments	32,039	(1,829)	-	30,210
Change in Notes Receivable and Other Assets	(7,809)	-	7,537	(272)
Business Acquisitions	(18,250)	-	-	(18,250)
Property Additions	(106,312)	-	-	(106,312)
Proceeds from Sale of Property	3,597	-	-	3,597
Net Cash Used by Investing Activities	(96,735)	(1,829)	7,537	(91,027)

**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2014**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from Annuities Issued and Housing Entry Fees	21,086	-	-	21,086
Refund of Housing Entry Fees	(11,448)	-	-	(11,448)
Payment of Deferred Financing Fees	-	-	-	-
Proceeds from Issuance of Long-Term Debt	27,000	-	-	27,000
Repayment of Long-Term Debt	(12,348)	-	-	(12,348)
Proceeds from Contributions	4,775	5	-	4,780
Net Cash Provided by Financing Activities	<u>29,065</u>	<u>5</u>	<u>-</u>	<u>29,070</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(5,931)	(38)	-	(5,969)
Cash and Cash Equivalents - Beginning of Year	<u>18,509</u>	<u>73</u>	<u>-</u>	<u>18,582</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 12,578</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ 12,613</u>

**Attachment Section B**  
**Contribution To The Orderly Development**  
**of Health Care – D(1)**

**Facility License**



# Board for Licensing Health Care Facilities



State of Tennessee

License No. 0000000389

No. Beds 0030

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*

THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY

to conduct

and maintain a Nursing Home GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

Located at 100 SAMARITAN WAY, CROSSVILLE

County of CUMBERLAND, Tennessee.

*This license shall expire* JANUARY 11, 2018 *and is subject*

*to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

*We Witness Whereof, we have hereunto set our hand and seal of the State*  
this 10TH day of OCTOBER, 2016.



DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

*By* Lucius J. Davis, MPH

*By* John J. Davis COMMISSIONER

**Attachment Section B**  
**Contribution To The Orderly Development**  
**of Health Care – D(2)**

**Facility Survey Reports**



October 7, 2016

Mr. T.C. Frazier, Administrator  
Good Samaritan Society-Fairfield Glade  
100 Samaritan Way  
Crossville TN 38558

Re: 44-5506

Dear Mr. Frazier:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey on August 15 - 17, 2016. An on-site revisit and desk review of the facility's plan of correction for the deficiencies cited as a result of the survey was conducted on October 3, 2016. Based on the on-site revisit, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of October 1, 2016.

If you have any questions concerning this letter, please contact our office at (865) 594-9396.

Sincerely,

A handwritten signature in cursive script that reads "Tamra Turberville".

Tamra Turberville, R.N.  
Regional Administrator  
ETRO Health Care Facilities

TT: afl



**IMPORTANT NOTICE - PLEASE READ CAREFULLY**

August 22, 2016

Mr. Thomas Frazier, Administrator  
Good Samaritan Society-Fairfield Glade  
100 Samaritan Way  
Crossville TN 38558

RE: 44-5506

Dear Mr. Frazier:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety Code recertification survey on **August 15 - 17, 2016**. This letter to you is to serve as notice that as a result of the survey completed **August 17, 2016**, your facility was not in substantial compliance with the participation requirements of Medicare and/or Medicaid Programs. A statement of deficiencies (CMS 2567) is being provided to you with this letter.

If you do not achieve substantial compliance by **October 1, 2016** (45th day), our office will recommend to the Centers for Medicare & Medicaid Services (CMS) and/or the State Medicaid Agency that enforcement remedies be imposed.

All references to regulatory requirements contained in this letter are found in Title 42, Code of Federal Regulations.

**Mandatory Remedies**

If you do not achieve substantial compliance by **November 17, 2016**, (3 months after the last day of the survey identifying noncompliance **August 17, 2016**), the CMS Regional Office and/or State Medicaid Agency must deny payments for new admissions.

We will also recommend to the CMS Regional Office that your Provider Agreement be terminated on **February 17, 2017**, if substantial compliance is not achieved by that time.

Mr. Thomas Frazier, Administrator  
August 22, 2016  
Page 2

Please note that this notice does not constitute formal notice of imposition of alternative remedies or termination of your provider agreement. Should the Centers for Medicare and Medicaid Services determine that termination or any other remedy is warranted, it will provide you with a separate formal notification of that determination.

**Plan of Correction (POC)**

A POC for the deficiencies must be submitted by **September 1, 2016**. Failure to submit an acceptable POC by **September 1, 2016**, may result in the imposition of remedies by **October 1, 2016**.

Your POC must contain the following:

What corrective action(s) will be accomplished for those residents found to have been affected by the deficient practice;

How you will identify other residents having the potential to be affected by the same deficient practice and what corrective action will be taken;

What measures will be put into place or what systematic changes you will make to ensure that the deficient practice does not recur; and

How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

**Informal Dispute Resolution (IDR):**

In accordance with 488.331, you have one opportunity to question cited deficiencies. The facility must submit this written request within ten (10) days after the date that the facility receives the statement of deficiencies.

Upon receiving the facility's request to participate, the state survey agency shall perform a desk review for all deficiencies unless the facility requests a face-to-face IDR. Desk reviews will be conducted by the regional office that cited the deficiency. A facility may request a face-to-face IDR to be conducted before a panel but only for substandard or immediate jeopardy level deficiencies. In making a request to participate in the IDR process (desk review or face-to-face), a facility's request must be accompanied by the following: a short, plain statement of the facts containing the reasons for requesting participation in the IDR process; a copy of the CMS 2567 form;


Mr. Thomas Frazier, Administrator  
August 22, 2016  
Page 3

a summary of the facility's dispute with the cited deficiencies stating that the deficiency should not have been cited and the reasons for this assertion; proof (in the form of documentation that shall consist of no more than ten (10) typed pages with a font size of not less than ten (10) and/or other evidence that may consist of photographs or flow chart visual aids) supporting the facility's position disputing the deficiencies; and a plan of corrective action.

Should the facility request a face-to-face IDR, then the facility shall submit the following additional information: a list of individuals who intend to appear at the face-to-face IDR (should one be requested for substandard and/or Immediate jeopardy deficiencies); and proof (in the form of documentation that shall consist of no more than ten (10) typed pages with a font size of not less than ten (10) and/or other evidence that may consist of photographs or flow chart visual aids) specifically disputing the scope and severity of the cited Immediate jeopardy or substandard deficiencies. If the facility is requesting a desk review in addition to a face-to-face IDR, the facility must submit two separate requests with their plan of correction to the State Survey Agency at the address on this letter by fax at 865-594-5739. An incomplete Informal Dispute Resolution process will not delay the effective date of any enforcement action.

If you have any questions, please contact the East Tennessee Regional Office by phone: 865-594-9396 or by fax: 865-594-5739.

Sincerely,



Tamra Turberville, R.N.  
Regional Administrator  
ETRO Health Care Facilities

TT:af1

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/18/20  
FORM APPROV  
OMB NO. 0938-03

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____	(X3) DATE SURVEY COMPLETED  08/17/2016
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NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY  
CROSSVILLE, TN 38558

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 371 SS=F	<p>483.35(i) FOOD PROCURE, STORE/PREPARE/SERVE - SANITARY</p> <p>The facility must - (1) Procure food from sources approved or considered satisfactory by Federal, State or local authorities; and (2) Store, prepare, distribute and serve food under sanitary conditions</p> <p>This REQUIREMENT is not met as evidenced by: Based on facility policy review, observation, and interview, the facility failed to properly store frozen food items, failed to dispose of leftovers in 1 of 2 coolers, and 1 of 2 nourishment room refrigerators by the use by date (UBD), failed to properly air dry pans for 15 of 24 pans observed, failed to ensure kitchen equipment and non-food contact surfaces were clean and maintained in a sanitary manner, affecting 28 of 29 residents and 1 of 2 nourishment rooms in the facility.</p> <p>The findings included:</p> <p>Review of the facility policy, Food/Food Preparation Food Storage, dated 2/2013, revealed "...Foods that have been opened or prepared will be placed in an enclosed container, dated and labeled...Expiration dates will be checked on a regular basis, and foods/fluids that have expired will be discarded..."</p> <p>Review of the facility policy, Food/Food Preparation Leftovers, dated 2/2013, revealed "...Leftovers will be stored in a safe and sanitary</p>	F 371	<p>F-371 FOOD PROCURE, STORE/PREPARE/SERVE- SANITARY</p> <ol style="list-style-type: none"> <li>Improperly stored, labeled and/or out- dated food was discarded 8/17/16. All wet stored pans were washed, sanitized and air dried 8/17/16. Identified equipment surfaces were cleaned and sanitized by RD and CDM 8/17/16.</li> <li>Any residents consuming food at this facility have the potential to be affected by the deficient practice.</li> <li>Staff education beginning 8/17/16 for all dietary staff regarding policies and procedures for food storage, left overs, equipment sanitation, and pots and pans. Equipment cleaning schedule implemented daily for refrigerators, steam tables, toasters, detail cleaning of mixers and ovens. Additional air drying rack added to dish room. Food labeling and storage check list will be signed off by the shift cook daily.</li> <li>Food labeling and storage check list will be audited weekly by CDM or designee. Sanitation audit of label use by dates, cleanliness of food service areas and equipment and proper food storage will be</li> </ol>	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/18/20  
FORM APPROVE  
OMB NO. 0938-031

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  08/17/2016
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 371	<p>Continued From page 1</p> <p>manner and used within the appropriate time frame to maintain food quality and safety...Refrigerated leftovers will be used within 72 hours..."</p> <p>Review of the facility policy, Sanitation Pots and Pans, dated 2/2013, revealed "...Pots and pans will air dry...Pots and pans will be stored upside down in a clean storage area after air drying..."</p> <p>Review of the facility policy, Sanitation Equipment Sanitation, dated 2/2013, revealed "...Check each equipment item in dietary for cleanliness..."</p> <p>Observation with the Director of Dietary on 8/15/16 at 8:15 AM, of a reach-in freezer in the kitchen, revealed the following items open to air and not in a sealed container:</p> <p>a). One 2 ½ pound bag of tater tots approximately ¼ full.</p> <p>b). Two 2 ½ pound bags of onion rings one approximately 2/3 full and one ½ full.</p> <p>c). Two 5 pound bags of chicken tenders, one approximately 1/3 full and one bag approximately 2/3 full.</p> <p>Observation with the Director of Dietary on 8/15/16 at 8:20 AM, in the kitchen, of a reach-in cooler revealed the following expired foods available for resident consumption:</p> <p>a). One 4 inch pan approximately 2/3 full of biscuits with a use by date of 8/11/16.</p> <p>b). One 4 quart container full of gelatin with UBD of 8/13/16.</p> <p>c). One 2 quart container 1/3 full of chicken salad with a UBD of 8/14/16.</p> <p>d). One 1 quart container with 9 boiled eggs with a UBD of 8/10/16.</p>	F 371	<p>performed by CDM or RD weekly x 4 weeks, monthly x 2 months, quarterly x 3. Audit results will be reported to the quality committee for further recommendation.</p> <p>(4) Facility will be in compliance 8/19/16.</p>		



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/18/2016  
FORM APPROVED  
OMB NO. 0938-0386

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  08/17/2016
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 371	<p>Continued From page 2</p> <p>Observation with the Director of Dietary on 8/15/16 at 8:30 AM, in the kitchen, revealed a mixer with dried food debris, 2 of 2 deep fryers with food particles and debris on the interior sides and dock, a flame grill with built-up of charred and burnt food particles, and a storage table with dried food debris.</p> <p>Observation with the Director of Dietary on 8/15/16 at 8:35 AM, in the kitchen, revealed:</p> <p>a). 8 of 14 two inch pans stored wet b.) 4 of 6 four inch pans stored wet c.) 3 of 4 six inch pans stored wet.</p> <p>Observation with the Director of Dietary on 8/17/16 at 7:45 AM, of the nourishment refrigerator in the Nandina nourishment room revealed:</p> <p>a). Six 8 ounce cans of Glucerna 1.0 (a supplement used for oral or tube feeding) with the expiration date of 5/1/16. b). One Greek yogurt with an expiration date of 6/24/16. All items available for resident consumption.</p> <p>Interview with the Director of Dietary on 8/17/16 at 8:00 AM, in the hallway by the conference room, confirmed the facility failed to properly store opened packages of frozen food items to maintain food quality and prevent cross contamination. Continued interview confirmed the facility failed to properly discard leftovers, and refrigerated items by the UBD in 2 of 4 refrigerators/coolers observed. Further interview confirmed the facility failed to ensure kitchen equipment and non-food contact surfaces were clean and maintained in a sanitary manner, and failed to properly air dry and store pans.</p>	F 371			

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TN7106	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____  B. WING: _____	(X3) DATE SURVEY COMPLETED  08/17/2016
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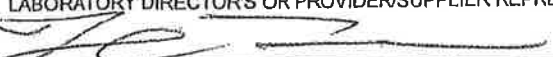
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLA	STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 000	Initial Comments  During annual Licensure survey conducted on 8/15/16-8/17/16, at Good Samaritan Society Fairfield Glade, no deficiencies were cited under 1200-8-6, Standards for Nursing Homes.	N 000		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE



Administrator

DATE  
9/1/16

STATE FORM

6899

P08611

If continuation sheet 1 of 1

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/18/20  
FORM APPROVE  
OMB NO. 0938-031

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING  B. WING _____		(X3) DATE SURVEY COMPLETED  08/15/2016
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K 025	Continued From page 1 a ½ inch hole in the 3 hour fire barrier wall separating the skilled nursing facility and the independent living facility. (Attic) NFPA 101, 4.4.2.1 (2000 Edition) NFPA 101, 8.2.3.2.4.2 (2000 Edition)  This finding was verified by the maintenance director and acknowledged by the administrator during the exit conference on 08/15/2016.	K 025			
K 038 SS=E	NFPA 101 LIFE SAFETY CODE STANDARD  Exit access is so arranged that exits are readily accessible at all times in accordance with 7.1. 18.2.1, 19.2.1 This STANDARD is not met as evidenced by: Based on observations, the facility failed to maintain the exits.  The findings included:  1. Observation on 08/15/2016 at 12:42 PM, revealed the facility failed to provide the required 15 second delayed egress signage on the 3 exit doors in the Nandina hallway. NFPA 101, 19.2.1 (2000 Edition) NFPA 101, 7.2.1.6.1 (2000 Edition)  2. Observation on 08/15/2016 at 01:55 PM, revealed the 3 delayed egress doors in the Nandina hallway failed to release on fire alarm activation. NFPA 101, 19.2.1 (2000 Edition) NFPA 101, 7.2.1.6.1 (2000 Edition)  These findings were verified by the maintenance director and acknowledged by the administrator during the exit conference on 08/15/2016.	K 038	K-014 NFPA 101 Life Safety Code Standard (1) The interior temporary wall installed by the general contractor has been replaced with sheet rock to meet code.  K-025 NFPA 101 Life Safety Code Standard (2) The 1/2 inch hole that was drilled into the 3 hour fire wall has been repaired with fire caulk and in conjunction with fire rating and UL code as required by original architect.  K-038 NFPA 101 Life Safety Code Standard (3) The Nandina delayed egress signage has been installed on the exiting door push bars that currently have delayed egress due to Wonder Guard system.  K-038 NFPA 101 Life Safety Code Standard (4) The Nandina delayed egress door that did not release as required during the fire alarm has had the power supply board replaced due to electrical storm. We have tested all three doors during a fire		

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TN7106	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN BUILDING  B. WING _____	(X3) DATE SURVEY COMPLETED  08/15/2016
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NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLA	STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 002	1200-8-6 No Deficiencies  During the Fire Safety portion of the annual Licensure survey conducted on 08/15/2016, no deficiencies were cited under 1200-08-6, Standards of Nursing Homes.	N 002	alarm Drill and all are working correctly. We will be doing monthly audits during our routine fire alarm test.	

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

6899

P08621

If continuation sheet 1 of 1

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

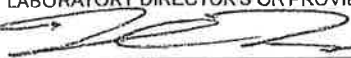
PRINTED: 08/18/20  
FORM APPROV  
OMB NO. 0938-03

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING  B. WING _____		(X3) DATE SURVEY COMPLETED  08/15/2016
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K 014 SS=D	<p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Interior finish for means of egress, including exposed interior surfaces of buildings such as fixed or movable walls, partitions, columns, and ceilings has a flame spread rating of Class A or Class B. Lower half of corridor walls, not exceeding 4ft in height, may have a Class C flame spread rating. 10.2, 18.3.3.1, 18.3.3.2, NFPA TIA 00-2</p> <p>This STANDARD is not met as evidenced by: Based on observation, the facility failed to maintain the interior finish.</p> <p>The findings included:</p> <p>Observation on 08/15/2016 at 12:31 PM, revealed a plywood wall constructed in the Nandina hallway living room. NFPA 101, 19.3.3.2 (2000 Edition)</p> <p>This finding was verified by the maintenance director and acknowledged by the administrator during the exit conference on 08/15/2016.</p>	K 014			
K 025 SS=D	<p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Smoke barriers shall be constructed to provide at least a one hour fire resistance rating and constructed in accordance with 8.3. Smoke barriers shall be permitted to terminate at an atrium wall. Windows shall be protected by fire-rated glazing or by wired glass panels in approved frames. 8.3, 18.3.7.3, 18.3.7.5</p> <p>This STANDARD is not met as evidenced by: Based on observations, the facility failed to maintain the fire barriers.</p> <p>The findings included:</p> <p>Observation on 08/15/2016 at 01:36 PM, revealed</p>	K 025			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE



Administrator

9/1/16

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.



STATE OF TENNESSEE  
**DEPARTMENT OF HEALTH**  
OFFICE OF HEALTH LICENSURE AND REGULATION  
EAST TENNESSEE REGION  
7175 STRAWBERRY PLAINS PIKE, SUITE 103  
KNOXVILLE, TENNESSEE 37914

August 24, 2014

Ms. Lori Chambers, Administrator  
Good Samaritan Society-Fairfield Glade  
100 Samaritan Way  
Crossville TN 38558

Provider #: 44-5506

Dear Ms. Chambers:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety code recertification survey/complaint investigation on August 7 – 9 + 11, 2015. This letter to you is to serve as notice that as a result of the survey completed August 11, 2015, your facility was found to be in compliance with the Health and Life Safety participation requirements for Medicare and/or Medicaid Programs.

Sincerely,

Karen B. Kirby, R.N.  
Regional Administrator  
ETRO Health Care Facilities

KK: afl



STATE OF TENNESSEE  
DEPARTMENT OF HEALTH  
OFFICE OF HEALTH LICENSURE AND REGULATION  
EAST TENNESSEE REGION  
7175 STRAWBERRY PLAINS PIKE, SUITE 103  
KNOXVILLE, TENNESSEE 37914

August 24, 2014

Ms. Lori Chambers, Administrator  
Good Samaritan Society-Fairfield Glade  
100 Samaritan Way  
Crossville TN 38558

Provider #: 44-5506

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Sincerely,

Karen B. Kirby, R.N.  
Regional Administrator  
ETRO Health Care Facilities

KK: afl

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  08/09/2015
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 000	INITIAL COMMENTS  During the annual Recertification survey and investigation of complaint #35553 conducted on 8/7-9/15, at Good Samaritan Society - Fairfield Glade, no deficiencies were cited under 42 CFR PART 483, Requirements for Long Term Care Facilities.	F 000			
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE			TITLE		(X6) DATE

A deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that the institution has provided safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued participation.



## Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TN7106	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____  B. WING: _____	(X3) DATE SURVEY COMPLETED  08/09/2015
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

GOOD SAMARITAN SOCIETY - FAIRFIELD GLA

100 SAMARITAN WAY  
CROSSVILLE, TN 38558

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 000	Initial Comments  During the annual Licensure survey and investigation of complaint #35553 conducted on 8/7-9/15, at Good Samaritan Society - Fairfield Glade, no deficiencies were cited under 1200-8-6, Standards for Nursing Homes.	N 000		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

DATE FORM

0009

C52K11

If continuation sheet 1 of 1

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING  B. WING		(X3) DATE SURVEY COMPLETED  08/11/2015
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K9999	FINAL OBSERVATIONS  Based on observations, interviews and records review conducted on 8/11/13, the facility had no deficiencies.	K9999			
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE			TITLE		(X6) DATE

A deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that the institution's safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued accreditation participation.

## Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TN7106	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN BUILDING  B. WING	(X3) DATE SURVEY COMPLETED  08/11/2015
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

GOOD SAMARITAN SOCIETY - FAIRFIELD GLA

100 SAMARITAN WAY  
CROSSVILLE, TN 38558

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLETE DATE
N 002	1200-8-6 No Deficiencies  Based on observations, interviews and records review conducted on 8/11/13, the facility had no deficiencies.	N 002		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

DATE FORM

0000

C52K21

If continuation sheet 1 of 1



STATE OF TENNESSEE  
**DEPARTMENT OF HEALTH**  
OFFICE OF HEALTH LICENSURE AND REGULATION  
EAST TENNESSEE REGION  
7175 STRAWBERRY PLAINS PIKE, SUITE 103  
KNOXVILLE, TENNESSEE 37914

**IMPORTANT NOTICE - PLEASE READ CAREFULLY**

June 10, 2014

Mr. Gene Wockenfuss, Administrator  
Good Samaritan Society-Fairfield Glade  
100 Samaritan Way  
Crossville TN 38558

RE: 44-5506

Dear Mr. Wockenfuss:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety Code recertification survey/complaint investigation on May 27 - 30, 2014. This letter to you is to serve as notice that as a result of the survey completed **May 30, 2014**, your facility was not in substantial compliance with the participation requirements of Medicare and/or Medicaid Programs. A statement of deficiencies (CMS 2567) is being provided to you with this letter.

If you do not achieve substantial compliance by **July 14, 2014** (45<sup>th</sup> day), our office will recommend to the Centers for Medicare & Medicaid Services (CMS) and/or the State Medicaid Agency that enforcement remedies be imposed.

All references to regulatory requirements contained in this letter are found in Title 42, Code of Federal Regulations.

**Mandatory Remedies**

If you do not achieve substantial compliance by **August 30, 2014**, (3 months after the last day of the survey identifying noncompliance **May 30, 2014**), the CMS Regional Office and/or State Medicaid Agency must deny payments for new admissions.

We will also recommend to the CMS Regional Office that your Provider Agreement be terminated on **November 30, 2014**, if substantial compliance is not achieved by that time.

**Please note that this notice does not constitute formal notice of imposition of alternative remedies or termination of your provider agreement. Should the Centers for Medicare and Medicaid Services determine that termination or any other remedy is warranted, it will provide you with a separate formal notification of that determination.**

### Plan of Correction (POC)

A POC for the deficiencies must be submitted by **June 20, 2014**. Failure to submit an acceptable POC by **June 20, 2014**, may result in the imposition of remedies by **July 14, 2014**.

Your POC must contain the following:

What corrective action(s) will be accomplished for those residents found to have been affected by the deficient practice;

How you will identify other residents having the potential to be affected by the same deficient practice and what corrective action will be taken;

What measures will be put into place or what systematic changes you will make to ensure that the deficient practice does not recur; and

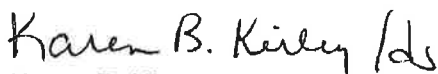
How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

### INFORMAL DISPUTE RESOLUTION

In accordance with 488.331, you have one opportunity to question cited deficiencies. You may request a Face to Face IDR for substandard level deficiencies, harm level deficiencies and immediate jeopardy level deficiencies. All other deficiencies will receive a desk review (telephone or written) by the Regional Office that cited the deficiency. These requests must be made within the same 10-calendar day period that you have for submitting an acceptable plan of correction and must contain additional justification as to why the deficiency(ies) should not have been written for harm level deficiencies or other deficiencies that are not substandard or immediate jeopardy. Evidence to dispute the scope and severity levels may only be submitted for substandard or immediate jeopardy deficiencies. Additional information which must be submitted with your request for an IDR is limited to no more than five (5) typed pages with a font size of no less than ten (10). If the facility is requesting a desk review in addition to a face to face IDR, the facility must submit two separate requests with their plan of correction to the State Survey Agency at the address on this letter, telephone 865-594-9396 or fax number 865-594-5739. An incomplete Informal Dispute Resolution process will not delay the effective date of any enforcement action.

If you have any questions, please contact the East Tennessee Regional Office by phone: 865-594-9396 or by fax: 865-594-5739.

Sincerely,



Karen B. Kirby, R.N.  
Regional Administrator  
ETRO Health Care Facilities

KK:af1

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 06/09/2014  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>445506</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  <b>05/30/2014</b>
NAME OF PROVIDER OR SUPPLIER  <b>GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>100 SAMARITAN WAY CROSSVILLE, TN 38558</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 000	INITIAL COMMENTS  A recertification survey and complaint investigation #33673 and #33675, were completed on May 27 - 30, 2014, at Good Samaritan Society at Fairfield Glade. No deficiencies were cited related to complaint investigation #33673 and #33675, under 42 CFR Part 483, Requirements for Long Term Care Facilities.	F 000	Preparation and execution of this response and plan of correction does not constitute an admission or agreement by the provider of the truth of the facts alleged or conclusions set forth in the statement of deficiencies. The plan of correction is prepared and/or executed solely because it is required by the provisions of federal and state law. For the purposes of any allegation that the center is not in substantial compliance with federal requirements of participation, this response and plan of correction constitutes the center's allegation of compliance in accordance with section 7305 of the State Operations Manual.		
F 159 SS=C	483.10(c)(2)-(5) FACILITY MANAGEMENT OF PERSONAL FUNDS  Upon written authorization of a resident, the facility must hold, safeguard, manage, and account for the personal funds of the resident deposited with the facility, as specified in paragraphs (c)(3)-(8) of this section.  The facility must deposit any resident's personal funds in excess of \$50 in an interest bearing account (or accounts) that is separate from any of the facility's operating accounts, and that credits all interest earned on resident's funds to that account. (In pooled accounts, there must be a separate accounting for each resident's share.)  The facility must maintain a resident's personal funds that do not exceed \$50 in a non-interest bearing account, interest-bearing account, or petty cash fund.  The facility must establish and maintain a system that assures a full and complete and separate accounting, according to generally accepted accounting principles, of each resident's personal funds entrusted to the facility on the resident's behalf.	F 159	<b>F- 159 – Facility Management of Personal Funds</b>  1. Nine residents were identified as having resident trust fund accounts. None of the residents requested nor were denied money from their accounts.  2. All residents having an account have the potential to be affected by this deficiency.		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the Institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 06/09/2014  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>445506</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  <b>05/30/2014</b>
NAME OF PROVIDER OR SUPPLIER  <b>GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>100 SAMARITAN WAY CROSSVILLE, TN 38558</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 159	<p>Continued From page 1</p> <p>The system must preclude any commingling of resident funds with facility funds or with the funds of any person other than another resident.</p> <p>The individual financial record must be available through quarterly statements and on request to the resident or his or her legal representative.</p> <p>The facility must notify each resident that receives Medicaid benefits when the amount in the resident's account reaches \$200 less than the SSI resource limit for one person, specified in section 1611(a)(3)(B) of the Act; and that, if the amount in the account, in addition to the value of the resident's other nonexempt resources, reaches the SSI resource limit for one person, the resident may lose eligibility for Medicaid or SSI.</p> <p>This REQUIREMENT is not met as evidenced by: Based on observation, review of resident trust fund accounts, and interview, the facility failed to ensure residents had ready access to their personal funds for nine of nine residents with trust accounts.</p> <p>The findings included:</p> <p>Observation on May 27, 2014, at 10:04 a.m., revealed a sign on the front facility admission desk stating resident trust accounts are accessible "...Monday through Friday from 8:00 am to 4:00 pm."</p> <p>Review of resident trust accounts and interview with the Admission Assistant on May 29, 2014, at 10:47 a.m., in the Assistant's office, confirmed resident personal funds are not available outside</p>	F 159	<p>3. The facility will keep RTA funds at the nurse's station to have available for residents during non-business hours. The business office manager will count and reconcile these funds twice a week to ensure the funds are in balance with sufficient amount for disbursement to the residents.</p> <p>4. Business office manager or designee will audit RTA funds weekly x 4, monthly x 2 months and quarterly x 3 thereafter. Audit findings will be reviewed at quality committee for further recommendations.</p> <p>5. Facility will be in compliance by 7/4/14.</p>		

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 06/09/2014  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>445506</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  <b>05/30/2014</b>
NAME OF PROVIDER OR SUPPLIER  <b>GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>100 SAMARITAN WAY CROSSVILLE, TN 38558</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 159	Continued From page 2 normal business hours of 8:00 a.m. to 4:00 p.m., as the sign stated.	F 159	<b>F 166 – Right to Prompt Efforts to Resolve Grievances</b> 1. Resident #11 and #43 concerns regarding cold food were resolved with the dietary staff. Dietary staff received re-education on proper temperature of food on 5/28/14. Future concerns will be documented on a concern/suggestion form at the time reported and addressed. 2. All residents have the potential to be affected by this deficiency. 3. Social Service Director has been re-educated by Administrator on Grievance, Complaints or Concerns procedure on 6/18/14. Corrective action was also given to Social Service Director on 6/18/14. All resident council minutes will be reviewed by Administrator. All grievance reports will be reviewed by Administrator and respective department leader to ensure concerns are being addressed timely. Resident Council Meeting Minutes will be reviewed at QA meeting. 4. All grievance reports will be audited for proper investigation and correction by Administrator or designee weekly x 4, monthly x 2 and quarterly x 3. Audit findings will be reviewed at quality committee for further <u>recommendations</u>		
F 166 SS=D	<b>483.10(f)(2) RIGHT TO PROMPT EFFORTS TO RESOLVE GRIEVANCES</b>  A resident has the right to prompt efforts by the facility to resolve grievances the resident may have, including those with respect to the behavior of other residents.  This REQUIREMENT is not met as evidenced by: Based on review of resident grievance reports and interview, the facility failed to ensure resident grievances were resolved timely for two residents (#11, #43) of fourteen residents reviewed.  The findings included:  Review of Resident Council Minutes dated May 12, 2014, revealed the Resident Council had expressed concerns with the temperature of food.  Interview with resident #11 on May 28, 2014, at 9:37 a.m., and resident #43 on May 27, 2014, at 3:39 p.m., during stage 1 of the survey revealed both residents had concerns with cold food.  Interview with the Director of Nursing (DON) on May 30, 2014, at 10:47 a.m., in the DON's office, confirmed the facility had failed to resolve grievances related to the cold food.	F 166			
F 226 SS=D	<b>483.13(c) DEVELOP/IMPLMENT ABUSE/NEGLECT, ETC POLICIES</b>  The facility must develop and implement written policies and procedures that prohibit	F 226			



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 06/09/2014  
FORM APPROVED  
OMB NO. 0938-0391

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NAME OF PROVIDER OR SUPPLIER  <b>GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>100 SAMARITAN WAY CROSSVILLE, TN 38558</b>		
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F 226	<p>Continued From page 3</p> <p>mistreatment, neglect, and abuse of residents and misappropriation of resident property.</p> <p>This REQUIREMENT is not met as evidenced by: Based on interview, review of a facility investigation, and review of facility policy, the facility failed to thoroughly investigate an allegation of abuse for one resident (#43) of twenty-four sampled residents.</p> <p>The findings included:</p> <p>Resident #43 was admitted to the facility on June 13, 2013, with diagnoses including Cerebrovascular Accident, Hemiplegia, Arthritis, Rehabilitation, Restless Leg Syndrome, Hypothyroidism, and Parkinson's Disease.</p> <p>Interview with resident #43 on May 27, 2014, at 3:24 p.m., in the resident's room, revealed a nurse working on night shift had told the resident "...will have to cry louder than that..." in response to the resident's complaint of pain. Continued interview with the resident revealed the resident did not know which nurse made the statement, only that it was a nurse on "...the night shift..." Further interview with the resident revealed the resident did not tell facility staff regarding the allegation. Continued interview with the resident revealed the incident had occurred when the resident was first admitted to the facility.</p> <p>Interview with the Director of Nursing (DON) on May 27, 2014, at 4:15 p.m., in the DON's office, confirmed the DON was not aware of the allegation of abuse the resident had made to the</p>	F 226	<p>cont.</p> <p><b>F 166 – Right to Prompt Efforts to Resolve Grievances</b></p> <p>5. Facility will be in compliance 7/4/14.</p> <p><b>F 226 – Development/Implement Abuse/Neglect, Etc. Policies</b></p> <p>1. Both nurses that worked the shift at the time of the alleged abuse are no longer employed by the facility.</p> <p>2. All residents have the potential to be affected by this deficiency.</p> <p>3. All staff will be re-educated by Staff Development Coordinator, Social Worker or Rehab/Skilled Consultant regarding abuse and neglect reporting and process for investigation by 7/3/14. All new staff will be given Abuse/Neglect Policy and Procedure training at orientation and all staff will receive Abuse/Neglect training annually. Rehab/Skilled Consultant re-educated Administrator, Social Worker and DNS 6/19/14 on state reporting process and investigation process.</p>		

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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F 226	<p>Continued From page 4</p> <p>surveyor during interview earlier in the day. Continued interview confirmed the DON would initiate an investigation regarding the resident's allegation of abuse.</p> <p>Interview with the DON on May 28, 2014, at 10:15 a.m., in the DON's office, revealed "...I looked into the allegation..." Continued interview revealed, "...both nurses..." who were working during the time period of the abuse allegation "...are no longer with us...so I can't do anything else with that..." Further interview with the DON revealed the DON had also notified the Director of Social Services regarding the abuse allegation, and the Director of Social Services "...has more info..."</p> <p>Interview with the Director of Social Services on May 29, 2014, at 9:03 a.m., in the Social Services office, revealed the Director of Social Services had "...asked (the resident) about it..." Continued interview with the Social Services Director confirmed during interview with the resident the incident had occurred "...first couple of weeks..." after the resident had been admitted to the facility, and confirmed the resident had no recollection of which nurse made the statement. Interview with the Social Services Director confirmed the Social Services Director had spoken with the DON and it had been determined the two nurses working during the time frame of the allegation were no longer working for the facility. Further interview with the Director of Social Services revealed the Social Services Director interviewed only the resident "...I just talked to the resident because it has been so long ago...I would have talked to other residents if it hadn't been so long ago..." Continued interview with the Social Services Director confirmed the Social Services Director was the Abuse</p>	F 226	<p>cont.</p> <p><b>F 226 – Development/Implement Abuse/Neglect, Etc. Policies</b></p> <p>4. Resident concern and suggestion forms and incident reports will be audited weekly x 4, monthly x 2 months, and then quarterly x 3 by a Quality Committee member or designee to ensure investigation and required reporting is completed according to facility policy. Audit results will be reported to the quality committee for further recommendation.</p> <p>5. Facility will be in compliance 7/4/14.</p>		

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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F 226	<p>Continued From page 5</p> <p>Coordinator for the facility and was responsible for the completion of abuse investigations.</p> <p>Review of the facility investigation revealed a handwritten copy of two statements provided by the facility as the investigation conducted by the facility of the abuse allegation. Continued review of the facility investigation revealed a statement from the DON was obtained "...You're going to scream louder than that if you want pain medication..." and a statement from the resident was obtained by the Social Services Director, "...that happened when I first got here. It isn't a problem now...doesn't recall names or dates..." Further review of the facility investigation revealed the DON had "...spoke with resident about incident checked June 13th schedule. Both night nurses at that time have been dismissed..."</p> <p>Review of facility policy, Abuse and Neglect, revised July 2012 revealed, "...1. If a staff member receives an allegation of abuse...the staff member will immediately report this to a supervisor and complete sections A through D of the Incident Details on the Incident Report...The investigation may include interviewing staff, residents or other witnesses to the incident...Interview all involved (staff, resident and family) individually...If possible, get signed and dated statements from any witnesses..."</p> <p>Interview with the Social Services Director on May 29, 2014, at 1:10 p.m., in the Conference Room confirmed the handwritten copy of the statement from the resident and the statement from the DON was the completed investigation of the allegation of abuse. Continued interview with the Social Services Director confirmed the investigation of the allegation was completed and</p>	F 226			

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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F 226	Continued From page 6 no further investigation was to be conducted at the time of the interview. Further interview with the Social Services Director confirmed the Social Services Director had interviewed the resident only, had not conducted any other interviews with other residents or staff members, and had not obtained any witness statements from other residents or staff members. Continued interview with the Director of Social Services confirmed the Social Services Director had not completed an Incident Report, or conducted interviews per facility policy and confirmed the facility had failed to thoroughly investigate an allegation of abuse.	F 226			
F 279 SS=D	483.20(d), 483.20(k)(1) DEVELOP COMPREHENSIVE CARE PLANS  A facility must use the results of the assessment to develop, review and revise the resident's comprehensive plan of care.  The facility must develop a comprehensive care plan for each resident that includes measurable objectives and timetables to meet a resident's medical, nursing, and mental and psychosocial needs that are identified in the comprehensive assessment.  The care plan must describe the services that are to be furnished to attain or maintain the resident's highest practicable physical, mental, and psychosocial well-being as required under §483.25; and any services that would otherwise be required under §483.25 but are not provided due to the resident's exercise of rights under §483.10, including the right to refuse treatment under §483.10(b)(4).	F 279	<b>F 279 –Develop Comprehensive Care Plans</b>  1. Care plan for resident #16 was updated on 5/28/14 with most recent interventions for dementia, and Resident #13 was discharged.  2. Any resident with a change in condition or incident/accident has the potential to be affected by this deficiency, and care plans will be updated as per policy. All current residents care plans will reviewed by interdisciplinary team member and updated if indicated by 6/27/14.		

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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F 279	<p>Continued From page 7</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review and interview, the facility failed to develop a comprehensive care plan for depression for one resident (#16), and failed to develop a care plan addressing weight and fluid status of one resident (#13) of twenty-four sample residents reviewed.</p> <p>The findings included:</p> <p>Resident #16 was admitted to the facility on May 25, 2012, and readmitted September 5, 2013, with diagnoses including, Senile Dementia, Idiopathic Peripheral Neuropathy, and Depressive Disorder.</p> <p>Medical record review of the Quarterly Minimum Data Set (MDS) dated February 24, 2014, revealed the resident had an admitting diagnosis of dementia.</p> <p>Medical record review of the care plan dated May 28, 2014, revealed the resident was not care planned for dementia.</p> <p>Interview with the Unit Coordinator on May 29, 2014, at 2:18 p.m., in the conference room confirmed the resident was not care planned for depression.</p> <p>Resident #13 was admitted to the facility on January 3, 2014, and discharged from the facility on February 1, 2014, with diagnoses including Rehabilitation, Anemia, Aftercare Following Joint Replacement, Depressive Disorder, Anxiety Disorder, and Vitamin Deficiency.</p> <p>Medical record review of a nurse's note dated</p>	F 279	<p><b>Cont.</b></p> <p><b>F 279 –Develop Comprehensive Care Plans</b></p> <p>3. DNS or designee will review all change in conditions and review care plans for accuracy Monday thru Friday at daily clinical meeting. All Licensed nurses will be re-educated by Rehab/Skilled Consultant, DNS or designee regarding Policy and procedure for Dementia, fluid/weight changes, change of condition and care plan approaches by 7/4/14.</p> <p>4. Audit will be conducted by DNS or designee on care plan updates, and inclusion on the C.N.A. Kardex weekly x 4 weeks, monthly x 2 months, and then quarterly x 3. Audit results will be reported to the quality committee for further recommendation.</p> <p>5. Facility will be in compliance 7/4/14.</p>		

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F 279	<p>Continued From page 8</p> <p>January 3, 2014, revealed the resident had one plus (1+) pitting edema to lower extremities and large amounts of drainage from the resident's surgical wound.</p> <p>Medical record review of a nurse's note dated January 6, 2014, revealed the resident continued to have 1+ pitting edema to the resident's right foot.</p> <p>Medical record review of a Nutritional Assessment dated January 6, 2014, revealed the resident had a moderate decrease in food intake over the past 3 months and was considered to be normal nutritional status.</p> <p>Medical record review of a Dietary Admit/Readmit Data Collection Tool dated January 6, 2014, revealed the resident was on a regular diet, no fluid restrictions, and was on no nutritional supplements. Continued review revealed the resident had an intake of less than fifty percent (50%) for most meals since admission. Further review revealed the dietician would "...adjust dining services to honor resident..."</p> <p>Medical record review of a Dietary Note dated January 6, 2014, revealed the resident had a change in weight "... (resident) has gained weight since surgery and thinks it is from fluid..." Further review revealed the resident's documented normal weight as 140 pounds.</p> <p>Medical record review of an Admission Assessment Minimum Data Set (MDS) dated January 10, 2014, revealed the resident scored a 15 on the Brief Interview for Mental Status (BIMS) indicating the resident was cognitively intact, and required extensive, to limited assistance with</p>	F 279			

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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F 279	Continued From page 9 activities of daily living (ADLs). Continued review revealed the resident's weight was documented as 148 pounds.  Medical record review of MDS dated January 17, 2014, revealed the resident scored a 14 on the BIMS, indicating the resident was cognitively intact, and had increased in functional capacity to limited assist and supervision only. Continued review revealed the resident's weight was documented as 139 pounds (4.7% loss in 7 days).  Medical record review of the care plan, initiated January 17, 2014, revealed no care plan developed to address the resident's fluid/weight status.  Interview with the Unit Coordinator on May 30, 2014, at 2:36 p.m., in the Conference Room revealed the resident was followed by the dietician and confirmed the resident had a significant decrease in weight since admission. Continued interview with the Unit Coordinator confirmed the resident's weight fluctuations were assessed and documented in nursing and dietician notes as fluid loss from the resident's recent hospital stay. Further interview and review of the resident's care plan with the Unit Coordinator confirmed the resident's fluid/weight status should have been addressed on the plan of care and confirmed the facility had failed to develop a care plan addressing the fluid/weight status of the resident.	F 279			
F 280 SS=D	483.20(d)(3), 483.10(k)(2) RIGHT TO PARTICIPATE PLANNING CARE-REVISE CP  The resident has the right, unless adjudged	F 280	<b>F 280 – Right to Participate Planning Care – Revise CP</b>		

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F 280	<p>Continued From page 10</p> <p>incompetent or otherwise found to be incapacitated under the laws of the State, to participate in planning care and treatment or changes in care and treatment.</p> <p>A comprehensive care plan must be developed within 7 days after the completion of the comprehensive assessment; prepared by an interdisciplinary team, that includes the attending physician, a registered nurse with responsibility for the resident, and other appropriate staff in disciplines as determined by the resident's needs, and, to the extent practicable, the participation of the resident, the resident's family or the resident's legal representative; and periodically reviewed and revised by a team of qualified persons after each assessment.</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review and interview, the facility failed to provide an accurate care plan for two resident's (#16, #44) of twenty-four residents reviewed.</p> <p>The findings included:</p> <p>Resident #44 was admitted to the facility on June 24, 2013, with diagnoses including Chronic Kidney Disease, Alzheimer's Disease, Macular Degeneration, and Hypertension</p> <p>Medical record review of the care plan initiated December 18, 2013, revealed the care plan did not have revisions or interventions in place relating to falls that occurred on October 20,</p>	F 280	<p><b>F 280 – Right to Participate Planning Care – Revise CP</b></p> <p>1. Care plan for resident #16 was current and accurate. Care plans for residents #39 &amp; #44 were updated on 5/28/14 with most recent interventions for falls.</p> <p>2. Any resident with a change in condition or incident/accident has the potential to be affected by this deficiency, and care plans will be updated as per policy. All current residents care plans will reviewed by interdisciplinary team member and updated if indicated by 6/27/14.</p> <p>3. Investigative team will review all falls/ incidents and review care plans for accuracy Monday – Friday at daily clinical meeting. Professional nurses were educated 1:1 while on duty 5/28/14 and 5/28/14 by DNS regarding Policy and Procedure for falls, interventions, and care plan approaches. Licensed nurses not on duty have been educated by phone or next shift. New staff and PRN staff will be educated by the staff development coordinator or DNS prior to working their next scheduled shift.</p>		



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F 280	<p>Continued From page 11</p> <p>2013, December 7, 2013, January 9, 2014, and February 28, 2014.</p> <p>Interview with the Unit Coordinator on May 30, 2014, at 1:10 p.m., at the Tulip nursing station confirmed the facility had failed to revise the care plan for the falls on October 20, 2013, December 7, 2013, January 9, 2014, and February 28, 2014.</p> <p>Resident #39 was admitted to the facility on November 24, 2012, with diagnoses including Alzheimer's disease, Hypertension, and Hypertrophy Prostate without Urinary obstruction, and History of Pulmonary Embolism.</p> <p>Medical record review of the Quarterly Minimum Data Set (MDS) dated February 17, 2014, revealed functional status "...resident required supervision with walking in room, walking in corridor, and locomotion. The resident needed limited assistance with toileting with one person to assist and extensive assistance with personal hygiene..."</p> <p>Medical record review of the MDS further revealed "...balance during transition/walking, moving from seated to standing position, not steady..."</p> <p>Medical record review of the care plan dated January 16, 2014, revealed the resident was at risk for falls due to dementia, confusion, and poor safety awareness.</p> <p>Medical record review revealed the resident fell on May 24, 2014. Review of the Fall Risk Data Collection form dated May 24, 2014, revealed the resident fell due to "...change in functional ability,</p>	F 280	<p>cont.</p> <p><b>F 280 – Right to Participate Planning Care – Revise CP</b></p> <p>4. Audit will be conducted by DNS or designee regarding fall interventions, care plan updates, and inclusion on the C.N.A. Kardex weekly x 4 weeks, monthly x 2 months, and then quarterly x 3. Audit results will be reported to the quality committee for further recommendation.</p> <p>5. Facility will be in Compliance 7/4/14.</p>		

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F 280	Continued From page 12 no injuries..."	F 280			
F 282 SS=D	<p>Review of the care plan dated January 16, 2014, revealed the resident's care plan was not updated after the fall on May 24, 2014.</p> <p>Interview with the Unit Coordinator on May 29, 2014, at 10:45 a.m., in the conference room confirmed the facility had failed to revise care plan after the fall.</p> <p><b>483.20(k)(3)(ii) SERVICES BY QUALIFIED PERSONS/PER CARE PLAN</b></p> <p>The services provided or arranged by the facility must be provided by qualified persons in accordance with each resident's written plan of care.</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review and interview, the facility failed to follow a plan of care for one resident (#43), requiring two person assist with the use of a sit-to-stand lift, of twenty-four sampled residents reviewed .</p> <p>The findings included:</p> <p>Resident #43 was admitted to teh facility on June 13, 2013, with diagnoses including Essential Hypetension, Restless Leg Syndrome, Obstructive sleep Apnea, Cerebral Artery Occlusion, Paralysis Agitans, Generalized Pain, Cerebral Vascular disease, and Hemiplegia.</p> <p>Medical record review of the most recent Quarterly Minimum Data Set (MDS) dated</p>	F 282	<p><b>F 282 – Services by Qualified Persons/Per Care Plan</b></p> <p>1. All nursing staff were re-educated on care plan interventions for resident #43 by 5/30/14.</p> <p>2. All residents have the potential to be affected by this deficiency.</p> <p>3. Director of Nursing or designee will provide re-education to all licensed and non-licensed nursing staff regarding following care planned interventions. Competencies for all nursing staff will be completed regarding following care plan interventions by 7/4/14. This competency is included in the new hire packet.</p>		

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 282	<p>Continued From page 13</p> <p>February 24, 2014, revealed the resident scored 14 on the Brief Interview of Mental Status (BIMS) which indicated the resident was cognitively intact. Continued review of the Quarterly MDS revealed the resident required the assist of two persons with transfers and toileting use.</p> <p>Medical record review of the care plan initiated on March 13, 2014, revealed, "...resident has an ADL (activity of daily living) self care performance deficit r/t (related to) hemiplegia, stroke e/b (evidenced by) inability to perform ADLs..." Continued review of the plan of care revealed, "...toilet use: resident requires two staff participation to use toilet..stand aide to transfer to toilet..." Further review revealed, "...Transfer: resident requires weight bearing support: stand aid, two staff assist..."</p> <p>Medical record review of a nurse's note dated May 15, 2014, revealed, "...resident stated (resident) had pulled (self) up using the right side while using the sit to stand lift, like usual, with one assist today, and 'hurt my shoulder.'"</p> <p>Interview with Cetrified Nursing Assistant (CNA) #1 on May 29, 2014, at 9:57 a.m., in the dining room on Nandina Unit confirmed the resident had to be assisted from the bed to the bathroom with the sit-to-stand lift and confirmed the resident required the use of two staff members when using the lift with the resident.</p> <p>Interview with Licensed Practical Nurse (LPN) #1 on May 29, 2014, at 10:16 a.m., in the dining room on Nandina Unit revealed the number of staff members required with the use of a lift varies from resident to resident. Continued interview confirmed the use of the sit-to-stand lift</p>	F 282	<p>cont.</p> <p><b>F 282 – Services by Qualified Persons/Per Care Plan</b></p> <p>4. DNS / Staff Development Coordinator or designee will observe resident transfers to ensure care is provided as per care plan daily Random audits of observing resident transfers will be completed until all C.N.A.'s have demonstrated competency. These audits will then be completed weekly x 4 weeks, monthly x 2 months and quarterly x 3. Audit results will be reported to the quality committee for further recommendations.</p> <p>5. Facility will be in compliance 7/4/14.</p>		

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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NAME OF PROVIDER OR SUPPLIER  <b>GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>100 SAMARITAN WAY CROSSVILLE, TN 38558</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 282	<p>Continued From page 14</p> <p>with resident #43 required the use of two staff members. Further interview with LPN #1 confirmed staff members were to verify the number of staff required by consulting the resident's plan of care which would document the resident's assist status.</p> <p>Interview with LPN #2 on May 29, 2014, at 2:27 p.m., at the nurse station on Tulip Unit confirmed the LPN had documented the use of the sit-to-stand lift with the assist of one staff member on May 15, 2014. Continued interview with LPN #2 confirmed the LPN was informed by the resident on May 15, 2014, only one staff member had assisted the resident in the lift on that day.</p> <p>Interview with CNA #3 on May 30, 2014, at 9:01 a.m., at the nurse station on Tulip, confirmed the CNA had been assigned to care for the resident on several occasions. Continued interview confirmed, "...we always use two people..." with the resident, and confirmed the CNA's were aware of how much assistance a resident would require by verifying the information on the resident's plan of care.</p> <p>Interview with the resident on May 30, 2014, at 10:15 a.m., in the resident's room confirmed the resident remembered being assisted to the bathroom on May 15, 2014. Continued interview revealed the resident remembered being assisted by only one staff on that day. Continued interview revealed the resident had some shoulder pain "...pulled muscle..." however has not had any further pain or discomfort from the incident.</p> <p>Interview with the Unit Coordinator on May 30, 2014, at 10:36 a.m., in the Conference Room confirmed the facility failed to follow the resident's</p>	F 282			

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
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F 282	Continued From page 15 plan of care by utilizing only one staff member with the use of the sit-to-stand lift.	F 282			
F 283 SS=D	483.20(l)(1)&(2) ANTICIPATE DISCHARGE: RECAP STAY/FINAL STATUS  When the facility anticipates discharge a resident must have a discharge summary that includes a recapitulation of the resident's stay; and a final summary of the resident's status to include items in paragraph (b)(2) of this section, at the time of the discharge that is available for release to authorized persons and agencies, with the consent of the resident or legal representative.  This REQUIREMENT is not met as evidenced by: Based on medical record review, facility policy review, and interview the facility failed to ensure discharge summaries were completed for two residents (#38, #59) of twenty-six discharge records reviewed.  The findings included:  Resident #38 was admitted to the facility on February 4, 2014, and discharged on February 21, 2014, with no documentation of a completed discharge summary.  Resident #59 was admitted to the facility on January 16, 2014, and discharged on January 30, 2014, with no documentation of a completed discharge summary.  Review of facility policy, Discharge, revealed "...Discharge Summary...completed and signed within (30) days of discharge..."	F 283	<b>F 283 – Anticipate Discharge Recap Stay/Final Status</b> 1. Discharge summary for resident #38 was completed and signed on date of discharge (2/21/14). This documentation was locked in our EMR system 6/19/14. Discharge summary for resident #59 was completed, signed and locked on 6/19/14. 2. All residents discharging from the facility have the potential to be affected by this deficiency. HIM Director audited all discharged residents from 1/1/14 to present. 4 additional residents were identified and discharge summaries will be completed by 6/20/14. 3. Rehabilitation Nurse Consultant will provide in-service training to all licensed nurses and HIM regarding discharge summary completion and procedure for physician signature and review 7/2/14 and 7/3/14. 4. DNS or designee will complete discharge audit of all residents discharged summaries weekly x 4 weeks, monthly x 2 months, and then quarterly x 3. Audit results will be reported to the quality committee for further recommendations		

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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F 283	Continued From page 16	F 283	cont.		
F 323 SS=E	<p>Interview with the Unit Coordinator on May 30, 2014, at 1:45 p.m., in the Director of Nursing's office confirmed the facility had failed to follow it's policy for the completion of discharge summaries.</p> <p>483.25(h) FREE OF ACCIDENT HAZARDS/SUPERVISION/DEVICES</p> <p>The facility must ensure that the resident environment remains as free of accident hazards as is possible; and each resident receives adequate supervision and assistance devices to prevent accidents.</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review, observation, review of facility investigation, and interview, the facility failed to ensure the initiation of new interventions to protect from injury for two resident's (#44, #39) and failed to ensure the proper use of a lift for transferring one resident (#43), of six residents reviewed for accidents.</p> <p>The findings included:</p> <p>Resident #44 was admitted to the facility on June 24, 2013, with diagnoses including Chronic Kidney Disease, Alzheimer's Disease, Macular Degeneration, and Hypertension.</p> <p>Review of a facility investigation dated October 20, 2013, at 2:00 p.m., revealed the resident had a fall and the resident stated "I slid out of my chair and could not get up so I scooted to the doorway</p>	F 323	<p><b>F 283 – Anticipate Discharge Recap Stay/Final Status</b></p> <p>5. Facility will be in compliance 7/4/14.</p> <p><b>F 323 – Free of Accident Hazards/Supervision/Devices</b></p> <p>1. Residents #39, #43 and #44 have all had care plans updated with individual interventions in place by 5/29/14.</p> <p>2. All residents have the potential to be affected by this deficient practice. All residents with a Fall Data Collection score of 16 or above have had a recent fall and all new admissions with a history of falls will have care plans reviewed by MDS coordinator, Unit Manager or designee for fall interventions by 6/27/14.</p>		

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F 323	<p>Continued From page 17</p> <p>on my bottom." Continued review of the facility investigation revealed "...no apparent unsafe condition...walker...no injury..."</p> <p>Medcial record review of the care plan revealed no new interventions were updated on the care plan following the October 20, 2013, fall.</p> <p>Review of a facility investigation dated December 7, 2013, at 1:00 p.m., revealed the resident had a fall and "...found in floor...laying l (left) side on floor in front of bathroom...no apparent injury..."</p> <p>Medical record review of the care plan revealed no new interventions were updated on the care plan following the December 7, 2013, fall.</p> <p>Review of a facility investigation dated January 9, 2014, at 2:00 p.m., revealed the resident had a fall and "...resident found on the floor at 1400 (2:00 p.m.)...does not remember how...fell...assisted to bed...vital signs taken and were WNL (within normal limits)...no apparent unsafe condition...walker...no injury..."</p> <p>Medical record review of teh care plan revealed no new interventions were updated on the care plan following the January 9, 2014, fall.</p> <p>Review of a facility investigation dated February 28, 2014, at 8:37 p.m., revealed the resident had a fall and "...resident called out 'help!'...found on floor...stated knees became weak and it caused...fall ..."</p> <p>Medical record reveiw of the care plan revealed no new interventions were updated on the care plan following the February 28, 2014, fall.</p>	F 323	<p>cont.</p> <p><b>F 323 – Free of Accident Hazards/Supervision/Devices</b></p> <p>3. Licensed nurses will be re-educated by the Rehab/Skilled Consultant or DNS by 7/4/14 on completing Mobilization UDA on each shift following admission, with resident's change of condition affecting mobility, and quarterly, and on updating care plans with changes in resident care needs. Licensed nurses not in attendance will be provided this education by the staff development coordinator or DNS prior to working their next scheduled shift. All C.N.A.s will receive re-education on providing care as per resident's Kardex by 7/4/14 by Rehab/Skilled Consultant, Staff Development Coordinator or DNS.</p>		

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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 323	<p>Continued From page 18</p> <p>Review of the quarterly Minimum Data Set (MDS) dated March 10, 2014, revealed the Brief Interview for Mental Status (BIMS) was a score of 9, (indicating the resident to be moderately cognitively impaired), was independent with ambulation and locomotion, and had recent falls without injury.</p> <p>Interview with Director of Nursing (DON), Unit Coordinator, and Staff Development Coordinator on May 29, 2014, at 3:25 p.m., in the conference room confirmed the resident is totally independent and enjoys walking and being up in the halls and outside. Further interview confirmed there is not a trend to the resident's falls or the resident reaching for items and objects.</p> <p>Interview with the Unit Coordinator on May 30, 2014, at 1:10 p.m., at the Tulip nursing station confirmed the resident was very mobile, was forgetful, and had to be reminded frequently of safety issues. Continued interview with the Unit Coordinator confirmed the facility had failed to ensure new interventions were initiated after multiple falls.</p> <p>Resident #39 was admitted to the facility on November 24, 2012, with diagnoses including Alzheimer's disease, Hypertension, Hypertrophy Prostate without Urinary obstruction, and History of Pulmonary Embolism.</p> <p>Medical record review of the care plan dated January 16, 2014, revealed the resident at risk for falls due to dementia, confusion, and poor safety awareness.</p>	F 323	<p>cont.</p> <p><b>F 323 – Free of Accident Hazards/Supervision/Devices</b></p> <p>4. DNS / Staff Development Coordinator or designee will observe resident transfers to ensure care is provided as per care plan daily Random audits of observing resident transfers will be completed until all C.N.A.'s have demonstrated competency. These audits will then be completed weekly x 4 weeks, monthly x 2 months and quarterly x 3. Audit results will be reported to the quality committee for further recommendations.</p> <p>5. Facility will be in compliance 7/4/14.</p>		



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NAME OF PROVIDER OR SUPPLIER  <b>GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>100 SAMARITAN WAY CROSSVILLE, TN 38558</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 323	<p>Continued From page 19</p> <p>Medical record review revealed the resident fell on May 24, 2014. Review of the Fall Risk Data Collection form dated May 24, 2014, revealed the resident fell due to "...change in functional ability...no injuries..."</p> <p>Review of the care plan dated January 16, 2014, revealed no new interventions were placed after the fall.</p> <p>Interview with the Unit Coordinator on May 29, 2014, at 10:45 a.m., in the conference room confirmed the facility had failed to place new interventions after the fall.</p> <p>Resident #43 was admitted to the facility on June 13, 2013, with diagnoses including Cerebrovascular Accident, Hemiplegia, Arthritis, Rehabilitation, Restless Leg Syndrome, Hypothyroidism, and Parkinson's Disease.</p> <p>Medical record review of the most recent Quarterly Minimum Data Set (MDS) dated February 24, 2014, revealed the resident scored 14 on the Brief Interview for Mental Status (BIMS) which indicated the resident was cognitively intact. Continued review of the Quarterly MDS revealed the resident required the assist of two persons with transfers and toileting use.</p> <p>Medical record review of the Care Plan initiated March 13, 2014, revealed, "...resident has an ADL (activity of daily living) self care performance deficit r/t (related to) hemiplegia, stroke e/b (evidenced by) inability to perform ADLs..." Continued review of the resident's plan of care revealed, "...toilet use: resident requires two staff participation to use toilet...stand aide to transfer to toilet..." Further review revealed, "...Transfer:</p>	F 323			

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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NAME OF PROVIDER OR SUPPLIER  <b>GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>100 SAMARITAN WAY CROSSVILLE, TN 38558</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 323	<p>Continued From page 20</p> <p>resident requires weight bearing support: stand aid, two staff assist..."</p> <p>Medical record review of a nurse's note dated May 15, 2014, revealed, "...resident stated (resident) had pulled (self) up using the right side while using the sit to stand lift, like usual, with one assist today, and 'hurt my shoulder.'"</p> <p>Observation of the resident on May 29, 2014, at 10:09 a.m., in the resident's room revealed the resident was assisted from the bed to the bathroom using the sit-to-stand lift. Continued observation revealed the resident was assisted with the help of two staff members, Certified Nursing Assistants (CNA) #1 and #2.</p> <p>Interview with CNA #1 on May 29, 2014, at 9:57 a.m., in the dining room on Nandina Unit, confirmed the resident had to be assisted from the bed to the bathroom with the sit-to-stand lift, and confirmed the resident required the use of two staff members when using the lift with the resident.</p> <p>Interview with Licensed Practical Nurse (LPN) #1 on May 29, 2014, at 10:16 a.m., in the dining room on Nandina Unit revealed the number of staff members required with the use of a lift varies from resident to resident. Continued interview confirmed the use of the sit-to-stand lift with resident #43 required the use of two staff members. Further interview with LPN #1 confirmed staff members were to verify the number of staff required by consulting the resident's plan of care which would document the resident's assist status.</p> <p>Interview with LPN #2 on May 29, 2014, at 2:27</p>	F 323			

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

445506

(X2) MULTIPLE CONSTRUCTION

A. BUILDING \_\_\_\_\_

B. WING \_\_\_\_\_

(X3) DATE SURVEY  
COMPLETED

05/30/2014

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY

CROSSVILLE, TN 38558

(X4) ID  
PREFIX  
TAG

SUMMARY STATEMENT OF DEFICIENCIES  
(EACH DEFICIENCY MUST BE PRECEDED BY FULL  
REGULATORY OR LSC IDENTIFYING INFORMATION)

ID  
PREFIX  
TAG

PROVIDER'S PLAN OF CORRECTION  
(EACH CORRECTIVE ACTION SHOULD BE  
CROSS-REFERENCED TO THE APPROPRIATE  
DEFICIENCY)

(X5)  
COMPLETION  
DATE

F 323

Continued From page 21

p.m., at the nurse station on Tulip Unit, confirmed the LPN had documented the use of the sit-to-stand lift with the assist of one staff member on May 15, 2014. Continued interview with LPN #2 confirmed the LPN was informed by the resident on May 15, 2014, only one staff member had assisted the resident in the lift on that day.

Interview with CNA #3 on May 30, 2014, at 9:01 a.m., at the nurse station on Tulip, confirmed the CNA had been assigned to care for the resident on several occasions. Continued interview confirmed, "...we always use two people..." with the resident and confirmed the CNA's were aware of how much assistance a resident would require by verifying the information on the resident's plan of care.

Interview with the resident on May 30, 2014, at 10:15 a.m., in the resident's room, confirmed the resident remembered being assisted to the bathroom on May 15, 2014. Continued interview revealed the resident remembered being assisted by only one staff on that day, "...my (spouse) was in the room and I think they thought (the spouse) was going to help but (the spouse) didn't..." Continued interview revealed the resident had some shoulder pain "...pulled muscle...", however has not had any further pain or discomfort from the incident.

Interview with the Unit Coordinator on May 30, 2014, at 10:36 a.m., in the Conference Room confirmed the facility had failed to ensure two staff members were present while utilizing a lift for resident transfer and failed to ensure a lift was operated in a manner to ensure the safety of the resident during a transfer.

F 323

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TN7106	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____		(X3) DATE SURVEY COMPLETED  05/30/2014
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLA			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
N 000	Initial Comments  An annual Licensure survey and complaint investigation #33673 and #33675, were completed on May 27 - 30, 2013, at Good Samaritan Society - Fairfield Glade. No deficiencies were cited under Chapter 1200-8-6, Standards for Nursing Homes.	N 000			

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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PRINTED: 05/30/2014  
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>445506</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING <b>01 - MAIN BUILDING</b>  B. WING _____		(X3) DATE SURVEY COMPLETED  <b>05/27/2014</b>
NAME OF PROVIDER OR SUPPLIER  <b>GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>100 SAMARITAN WAY CROSSVILLE, TN 38558</b>		
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K9999	FINAL OBSERVATIONS  Based on observations, testing and records review 5/27/14, was determined the facility had no life safety deficiencies.	K9999			
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE			TITLE		(X6) DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>TN7106</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING: <b>01 - MAIN BUILDING</b>  B. WING _____		(X3) DATE SURVEY COMPLETED  <b>05/27/2014</b>
NAME OF PROVIDER OR SUPPLIER  <b>GOOD SAMARITAN SOCIETY - FAIRFIELD GL</b>			STREET ADDRESS, CITY, STATE, ZIP CODE <b>100 SAMARITAN WAY CROSSVILLE, TN 38558</b>		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
N 843	<p>1200-8-6-.08 (13) Building Standards</p> <p>(13) Electrical drawings shall include where applicable:</p> <p>(a) A seal, certifying that all electrical work and equipment is in compliance with all applicable codes and that all materials are currently listed by recognized testing laboratories;</p> <p>(b) All electrical wiring, outlets, riser diagrams, switches, special electrical connections, electrical service entrance with service switches, service feeders and characteristics of the light and power current, and transformers when located within the building;</p> <p>(c) An electrical system that complies with applicable codes;</p> <p>(d) Color coding to show all items on emergency power;</p> <p>(e) Circuit breakers that are properly labeled; and</p> <p>(f) Ground-Fault Circuit Interrupters (GFCI) that are required in all wet areas, such as kitchens, laundries, janitor closets, bath and toilet rooms, etc, and within six (6) feet of any lavatory.</p> <p>This Rule is not met as evidenced by: Based on observation, it was determined the facility failed to comply with applicable codes.</p> <p>The findings included:</p> <p>Observation of the beauty shop on 5/27/14</p>	N 843	<p><b>N 843 – Building Standards</b></p> <p>1. The multi-plug adaptor was removed and replaced with an approved ground fault power strip and plug on hair dryer was replaced with the ground on 5/27/14.</p> <p>2. All residents have the potential to be affected by this deficient practice. Maintenance department inspected skilled units for all ground fault outlets and wet areas. No other adaptors were found. No other residents were found at risk.</p> <p>3. Beauty shop employees were educated on use of approved adapters and inspection of appliance plugs before use on 5/27/14, and instructed to notify maintenance department if adapter is needed. Use of adaptors will be included in monthly preventative maintenance and will be added to TELS for monitoring.</p> <p>4. Maintenance Department will complete a safety audit on the beauty shop monthly x3 and then quarterly to include use of adaptors. Audits will be reported to the quality committee for recommendations.</p>		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  <b>TN7106</b>	(X2) MULTIPLE CONSTRUCTION A. BUILDING: <b>01 - MAIN BUILDING</b>  B. WING: _____	(X3) DATE SURVEY COMPLETED  <b>05/27/2014</b>
NAME OF PROVIDER OR SUPPLIER  <b>GOOD SAMARITAN SOCIETY - FAIRFIELD GL/</b>		STREET ADDRESS, CITY, STATE, ZIP CODE <b>100 SAMARITAN WAY CROSSVILLE, TN 38558</b>		
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N 843	Continued From page 1  revealed, the use of a multi-plug adaptor and a broke ground plug on the hair dryer. National Fire Protection Association (NFPA) 99.8.4.12.5.  The findings were verified by the administrator and acknowledged by the administrator during the exit conference 5/27/14.	N 843	cont. <b>N 843 – Building Standards</b>  5. Facility will be in compliance by 7/4/14.	
N 848	1200-8-6-.08 (18) Building Standards  (18) It shall be demonstrated through the submission of plans and specifications that in each nursing home a negative air pressure shall be maintained in the soiled utility area, toilet room, janitor 's closet, dishwashing and other such soiled spaces, and a positive air pressure shall be maintained in all clean areas including, but not limited to, clean linen rooms and clean utility rooms.  This Rule is not met as evidenced by: Based on observations, it was determined the facility failed to maintain negative air pressure.  The findings included:  Observation of the kitchen on 2/27/14 revealed, the house keeping closet door will not close within the door frame.  The finding was verified by the maintenance director and acknowledged by the administrator during the exit conference on 5/27/14	N 848	<b>N 848 – Building Standards</b>  1. Applied fire seal to door 6/19/14 and door is now air tight.  2. All fire doors are at risk for this deficient practice. All fire doors in the skilled center were checked for proper closure on 5/27/14 and were found to be in working order and closed properly.  3. All fire doors are checked monthly by the maintenance department and recorded in TELS.  4. Maintenance Department will complete a safety audit on the fire doors monthly x3 and then quarterly. Audits will be reported to the quality committee for recommendations.  5. Facility will be in compliance 7/4/14.	

Division of Health Care Facilities  
STATE FORM

5899

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If continuation sheet 2 of 2

**Attachment Section B**  
**Contribution To The Orderly Development**  
**of Health Care – E**

**Sanction and Penalty Reports**



Facility Name	DPNA Effective		CMP Total
	Date	CMP Summary	
GSS - Westbrook	02/13/14	Per day \$6,550 11/1-11/3/13 and Per day \$250 11/4 - 12/9/13. Total = \$28,650.	\$ 18,622.50
GSS - Kissimmee	02/27/14	Per day \$4,550 1/11/14 - 2/12/14. Per day \$150 2/13/14 -compliance.	\$ 124,685.00
GSS - Hays	04/04/14	Per day \$300 5/20/14 - 6/2/14 = \$4,200. SNF will waive hearing right for 35% CMP reduction.	\$ 2,730.00
GSS - Alliance	04/23/14	Per day \$800 effective 3/20/14 until compliance.	
GSS - Las Cruces	07/04/14	Per instance CMP of \$3,000. SNF waiving hearing right for 35% reduction.	\$ 1,950.00
GSS - Hot Springs Village	07/18/14	Two spearate per instance CMPs of \$5,000 each for the instances on 5/23/14. Total of \$10,000.	\$ 10,000.00
GSS - Albuquerque	08/05/14	Per instance CMP of \$1,800.	\$ 1,170.00
GSS - Aztec	08/29/14	State per instance CMP of \$5,000. 50% reduction if SNF pays within 10 days of 6/9/14 notice.	\$ 5,000.00
GSS - Keosauqua	09/09/14	Per day \$300 9/10/14 - 10/17/14 = \$11,400. SNF will waive hearing right for 35% CMP reduction.	\$ 7,410.00
GSS - Prescott Valley	09/12/14	Per instance \$7,550 for the instance on 6/10/14.	\$ 7,550.00
GSS - Jefferstown	11/11/14	Per day \$10,000 9/16/14 - 9/29/14 and Per day \$400 9/30/14 - 10/30/14. Total = \$152,400. SNF will waive hearing right for 35% reduction.	\$ 99,060.00
GSS - Van Buren	02/19/15	Per day \$6750 12/15/14 - 12/28/14 and \$100 per day 12/29/14 - 2/12/15. Total= \$99,100. SNF will waive hearing right for a 35% reduction. Total = \$64,415.	64,415
GSS - Liberal	03/13/15	Per day \$5100 1/15/15 - 2/12/15 and \$100 per 2/13/15 - 3/1/15. Total of \$149,600. SNF will waive hearing rights for 35% CMP reduction.	97,240
GSS - Davenport	04/03/15	Per day \$300 3/3/15 - 3/24/15. Total = \$6600. 35% reduction is SNF waives hearing right. Final amount due with 35% reduction is \$4,290.	4290
GSS - Dodge City	04/26/15	Per day \$500 4/7/15 - 6/10/15 decreased to \$300 6/11 - 8/11/15.	51,100
GSS - Auburn	05/23/15	Per day of \$5,800 for 4/8/15 - 4/12 reduced to \$350 4/13 - 5/21. Total CMP \$27722,50.	27,882.50
Salem Lutheran	05/29/15	Per day \$200 6/4/15 - 7/7/15. Total CMP \$4420.	4420
GSS - Red Oak	06/27/15	Per day \$6,600 effective 5/20/15 reduced to \$250 effective 5/21/15 through 6/16/15. Total CMP \$8677.50.	8677.5
GSS - Idaho Falls	06/30/15	Per instance \$8,800. 35% reduction is SNF waives hearing right for total of \$5720.	5720
GSS - Albuquerque	07/03/15	Per day of \$650 for 5/18/15 reduced to \$200 per day 5/19/15 - 9/16/15. Total CMP \$24,850 reduced to \$16,152 with 35% reduction when SNF waives hearing right.	16,152
GSS - Ellsworth	07/09/15	Per day \$250 6/16/15 - 7/2/15.	4250
GSS - Kissimmee	07/29/15	Per day \$650 3/29/15 - 7/9/15	66,950

Facility Name	DPNA Effective Date	CMP Summary	CMP Total
GSS - Liberal	09/20/15	Per day \$500 8/20/15 - 11/18/15. Total of \$45,500. SNF will waive hearing rights for 35% reduction.	29,575
St Francis KS	09/20/15	Per day \$2,200 8/11/15 - 8/26/15 reduced to \$250 8/27/15 - 11/4/15. Total of \$34,255 reflecting a 35% reduction as the SNF waived their right to a hearing.	34,255
GSS - Ottumwa	10/05/15	Per day \$4,800 effective 8/1/15 - 8/2/15 reduced to \$100 per day 8/3/15 - 9/17/15. Total CMP=\$9230 which reflects 35% reduction d/t SNF waived hearing right.	9230
GSS-Red Oak	11/18/15	Per day \$550 effective 10/8/15 through 1/17/16. Total of \$56,100. CMP amount reduced 35% as SNF waived right to hearing for a total of \$36,465.	36,465
GSS - Prescott Valley	11/20/15	Per day \$1,000 8/18/15 - Compliance	
GSS-Indianola	12/15/15	TBD	
GSS-Omaha	12/17/15	Per day \$600 11/19/15 - 12/14/15 for a total of \$10,140. Reduced 35% if SNF waives hearing right.	\$10,140
GSS-Aztec	01/22/16	Per day \$5650 12/1/15 and \$700 per day 12/2/15 - compliance. CMP revised to: Per day \$6450 11/11/15 - 11/29/15 and reduced to per day \$750 11/30/15 - 2/14/15 for a total of \$180,300. Reduced 35% to \$117,195 as SNF waives hearing right.	\$117,195
GSS-Blaine	02/02/16	Amended to a Per instance \$1,800.	\$1,800
Hoeger House	02/12/16	\$7,850 per instance CMP. Reduced 35% as SNF waived hearing right. Total CMP = \$5102.50	\$5,102.50
GSS-Minneapolis	03/01/16	Per Day \$6000 2/3/16 - 2/11/16 (\$54,000). Reduced to per \$100 2/12/16 - 3/16/16 (\$3,400). Then, \$550 per day 3/17/16 - 3/28/16 (\$6600). \$7350 per day 3/29/16 - 4/6/16 (\$66,150). Then, \$250 per 4/7/16- 5/9/16 (\$8,250). Total CMP \$89,960 which reflects 35% reduction as result of request to waive hearing right.	\$89,960
GSS-Olathe	03/03/16	Per Day \$650 2/12/16-4/5/16 (\$35,100).	\$35,100
GSS-Ellsworth	03/23/16	Per day \$7550 2/15/16 - 2/17/16 (\$22,650). Reduced to \$200 per day 2/18/16 - 3/24/16 (\$7,200). SNF waived hearing rights for a 35% reduction. Total CMP = \$19,402.50	\$ 19,402.50
GSS-Estherville	04/05/16	\$5,950 per day 2/16/16 - 2/25/16 (10 days Total = \$59,500). Reduced to \$250 2/26/16 - 3/24/16 (28 days Total = \$7000). Total CMP = \$66,500	\$ 66,500.00
GSS-Lyons	04/11/16	Per Day \$6400 3/7/16-3/16/16 (\$64,000). Reduced to \$150 per day 3/17/16 through compliance.	
GSS-Omaha	04/28/16	Per day \$750 3/31/16 - 4/22/16 (\$16,500).	\$16,500
GSS-Boise Village	05/05/16	\$1,600 per instance penalty. Reduced 35% to \$1040 as SNF waived hearing right.	\$ 1,040.00

Facility Name	DPNA Effective Date	CMP Summary	CMP Total
GSS-Liberal	05/05/16	Per day \$6350 4/4/16-4/7/16 (\$25, 400). Reduced to per day \$150 4/8/16 - 5/10/16 (\$4950). Total CMP = \$19,727.50 which reflects a 35% reduction as SNF waived hearing right.	\$19,727.50
GSS-LeMars	05/11/16	Per day \$7500 3/25/16-3/29/16 (\$37,500). Reduced to \$150 per day 3/30/16-7/12/16 (\$15,750).Total CMP = \$53,250	\$ 53,250.00
GSS-Alamogordo	05/11/16	Per day \$250 4/2/16 - 5/26/16 for a total of \$13,750. Reduced 35% as SNF waived hearing right. Total CMP = \$8937.50	\$8,937.50
GSS-Hays	06/09/16	Per Day \$6600 5/12/16-5/18/16 (\$46,200). Reduced to \$100 per day 5/19/16 - 8/9/16 (83 days Total = \$8,300). Total CMP = \$54,500. SNF waived hearing rights for a 35% reduction. Total CMP = \$35,425.	\$35,425
GSS-Minneapolis	06/22/16	Per day \$900 5/26/16 - 8/9/16 (76 days). Total CMP = \$68,400.	\$68,400
GSS-Arthur	07/23/16	Per day \$6300 4/4/16-5/28/16 (55 days= \$346,500). Reduced to \$150 per day 5/29/16 - 7/29/16 (62 days= \$9,300). Total CMP = \$355,800.Reduced 35% as SNF waived hearing right.Total CMP = \$231,270.	\$231,270
GSS-Socorro	08/16/16	Per day \$4,550 7/18/16 - 7/19/16. Reduced to per day \$150 7/20/16 - through compliance. Revised to \$10,000 per instance CMP. Reduced to \$6,500 as SNF waived hearing rights.	\$6,500
GSS-Peoria	08/24/16	Per day \$6,850 6/14/16, \$1,050 6/15/16, \$6,850 6/16/16. Reduced to per day \$1,050 6/17/16 - 8/25/16 (70 days Total = \$73,500). CMP total = \$88,250 reduced to \$57,362.50 as SNF waived right to hearing for 35% reduction.	\$ 57,362.50
GSS-Atwood	09/05/16	Per day \$1303 8/25/16 - compliance. SNF requesting hardship review. Or CMP will be recued 35% if hearing right waived.	
GSS-Estherville	09/14/16	\$2203 or \$1700 per day 8/10/16 - 8/21/16 (22 days Total \$48,466 or \$37,400). 35% reduction of CMP if center waives hearing right. BJ, administrator, is clarifying CMP with CMS	
GSS-Minneapolis	09/19/16	TBD	
GSS-Silver Wood Village	09/22/16	\$2503 per day 6/24/16 - compliance. 35% reduction as SNF waived hearing right.	
GSS-Indianola	09/22/16	TBD	
GSS-Hastings	09/23/16	Per day \$504 7/14/16 through compliance. SNF waived hearing right for a 35% reduction.	
GSS-Algona	09/28/16		
GSS-Las Cruces	10/01/16	TBD	
GSS-Alliance	10/04/16	Per Day \$650 7/6/16 - 8/19/16 (Total = \$29,250). CMP reduced 35% as SNF waived hearing right. CMP of \$19,012.50 payable on 11/18/16	\$19,012.50

Facility Name	DPNA Effective Date	CMP Summary	CMP Total
GSS-Liberal	10/25/16	Per day \$11,091 9/24/16 - 9/28/16 (5 days total \$55,455). Reduced to \$203 per 9/29/16 through compliance. If SNF waives hearing right, CMP will be reduced 35%.	
GSS-Franklin (Pendleton Manor)	10/25/16	TBD	
GSS-Red Oak	11/03/16	Per day \$2303 10/14/16 - through compliance. CMP will be reduced 35% as SNF waived hearing right.	
GSS-Idaho Falls	11/16/16	\$6,000 per day 8/16/16 - compliance. 35% reduction as SNF waived hearing right.	
GSS-Ellis	12/08/16	Per day \$12,191 11/7/17 - 11/16/16 (10 days = \$121,910). Reduced to per day \$503 11/17/16 through compliance 1/10/17 (55 days = \$27,665). CMP will be reduced 35% as administrator will waive hearing rights. Total CMP = \$149,575 reduced to \$97,223.75	\$ 97,223.75
GSS-Sioux Falls Village	12/08/16	Per day \$1503 10/19/16 11/17/16 (30 days). Total=\$45,090. SNF will receive 35% reduction if hearing rights waived. Total CMP with reduction = \$29,308.50.	\$ 29,308.50
GSS-Blaine	01/04/17	TBD	
GSS-Las Cruces	8/23/2016' Rev10/2/16	Per day \$250 7/28/16 - compliance. Rescinded	

# Affidavit

AFFIDAVITSTATE OF South DakotaCOUNTY OF Minnehaha

Grant Tribble, CFO of The Evangelical  
Lutheran Good Samaritan Society, being first duly sworn, says that he/she is the  
 applicant named in this application or his/her/its lawful agent, that this project will be completed in  
 accordance with the application, that the applicant has read the directions to this application, the  
 Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that  
 the responses to this application or any other questions deemed appropriate by the Health  
 Services and Development Agency are true and complete.

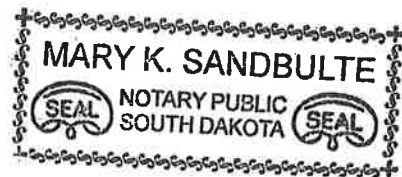
G. Tribble, CFO  
 SIGNATURE/TITLE

Sworn to and subscribed before me this 30th day of January, 2017 a Notary  
 (Month) (Year)

Public in and for the County/State of Minnehaha / South Dakota

Mary K. Sandbulte  
 NOTARY PUBLIC

My commission expires February 17, 2020.  
 (Month/Day) (Year)



FEB 6 '17 PM 2:50

Attn:  
To: BRADLEY ARANT BOULT CUMMINGS

(Advertising) NOTIFICATION OF INTENT TO APPLY FOR (Ref No: 1468123)

P.O.#:

**PUBLISHER'S AFFIDAVIT**

State of Tennessee }  
County of Knox } S.S

Before me, the undersigned, a Notary Public in and for said county, this day personally came Louise Watkins first duly sworn, according to law, says that he/she is a duly authorized representative of The Knoxville News-Sentinel, a daily newspaper published at Knoxville, in said county and state, and that the advertisement of:

(The Above-Referenced)

of which the annexed is a copy, was published in said paper on the following date(s):

02/01/2017

and that the statement of account herewith is correct to the best of his/her knowledge, information, and belief.

Louise Watkins

Subscribed and sworn to before me this 1 day of Feb 20 17

[Signature]  
Notary Public

My commission expires \_\_\_\_\_ 20\_\_\_\_

**NOTIFICATION OF INTENT  
TO APPLY FOR A CERTIFICATE OF NEED**

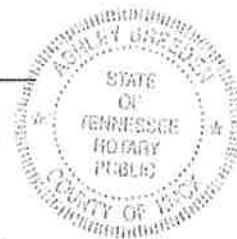
This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Good Samaritan Society - Fairfield Glade, an existing licensed nursing home, owned and managed by The Evangelical Lutheran Good Samaritan Society, a non-profit corporation, intends to file an application for a Certificate of Need for the addition of thirty (30) Medicare skilled nursing beds to its existing thirty (30) bed facility located at 100 Samaritan Way, Crossville, Tennessee 38558 (Cumberland County). The estimated project cost is \$6,765,226.

The anticipated filing date of the application is on or before February 3, 2017. The contact person for this project is Christopher C. Puri, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Puri's telephone number is (615) 252-4643 and his e-mail address is cpuri@bradley.com.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street, Nashville, Tennessee 37243

Pursuant to T.C.A. § 68-11-1607(c)(1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



MY COMMISSION EXPIRES  
MAY 5, 2018



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

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March 1, 2017

Chris Puri, Esq.  
Bradley Arant Boult Cummings, LLP.  
1600 Division Street, Suite 700  
Nashville, TN 37203

RE: Certificate of Need Application -- Good Samaritan Society - Fairfield Glade - CN1702-006  
The addition of 30 Medicare and TennCare dually certified beds to its existing 30 bed nursing home facility for a total of 60 beds. These beds are subject to the 125 Nursing Home Bed Pool for 2016-2017. The estimated project cost is \$6,765,226.

Dear Mr. Puri:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is [Trent.Sansing@tn.gov](mailto:Trent.Sansing@tn.gov) or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 30-day review cycle for **CONSENT CALENDAR** for this project will begin on March 1, 2017. The first thirty (30) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the thirty (30)-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on April 26, 2017.



Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the Certificate of Need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the Certificate of Need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Melanie M. Hill / WH".

Melanie M. Hill  
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA



**State of Tennessee**

**Health Services and Development Agency**

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243  
**www.tn.gov/hsda** Phone: 615-741-2364 Fax: 615-741-9884

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MEMORANDUM

TO: Trent Sansing, CON Director  
Office of Policy, Planning and Assessment  
Division of Health Statistics  
Andrew Johnson Tower, 2nd Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37243

FROM: Melanie M. Hill *MMH/WF*  
Executive Director

DATE: March 1, 2017

RE: Certificate of Need Application  
Good Samaritan Society - Fairfield Glade - CN1702-006  
**CONSENT CALENDAR**

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a **CONSENT CALENDAR** thirty (30) day review period to begin on March 1, 2017 and end on April 1, 2017.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Chris Puri, Esq.



February 1, 2017

**VIA HAND DELIVERY**

Ms. Melanie Hill, Executive Director  
Tennessee Health Services & Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

**Re: Certificate of Need Application for Good Samaritan Society – Fairfield Glade**

Dear Ms. Hill:

Please find enclosed Good Samaritan Society – Fairfield Glade's letter of intent to apply for a certificate of need for the addition of thirty (30) Medicare-certified skilled nursing beds to their existing thirty-bed nursing home.

Please include myself and Mr. Michael Brent as contact people for the project communications. If you or HSDA staff have questions about our application, or if you need additional information that would be helpful, please let me know and we will obtain that information for you.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP



Christopher C. Puri

Enclosures

cc: Greg Amble, Evangelical Lutheran Good Samaritan Society



**State of Tennessee**  
**Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

FEB 17 PM 1:13

## LETTER OF INTENT

The Publication of Intent is to be published in The Knoxville News Sentinel, which is a newspaper of general circulation in Cumberland County, Tennessee, on or before February 1, 2017, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Good Samaritan Society – Fairfield Glade, an existing licensed nursing home, owned and managed by The Evangelical Lutheran Good Samaritan Society, a non-profit corporation, intends to file an application for a Certificate of Need for the addition of thirty (30) Medicare skilled nursing beds to its existing thirty (30) bed facility located at 100 Samaritan Way, Crossville, Tennessee 38558 (Cumberland County). The estimated project cost is \$6,765,226.

The anticipated filing date of the application is on or before February 3, 2017. The contact person for this project is Christopher C. Puri, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Puri's telephone number is (615) 252-4643 and his e-mail address is [cpuri@bradley.com](mailto:cpuri@bradley.com).

Christopher C. Puri  
(Signature)

2/1/2017  
(Date)

cpuri@bradley.com  
(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

# Supplemental #1

Good Samaritan Society-  
Fairfield Glade

CN1702-006

Christopher C. Puri  
Counsel  
cpuri@bradley.com  
615.252.4643 direct

FEB 24 '17 PM 2:46



February 24, 2017

Mr. Phillip M. Earhart  
HSDA Examiner  
Tennessee Health Services and Development Agency  
Andrew Jackson State Office Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

Re: Certificate of Need Application Good Samaritan Society-Fairfield  
Glade (CN1702-006) - Responses to Second Supplemental Questions

Dear Mr. Earhart:

This letter will serve as a response to your letter of February 20, 2017 requesting clarification or additional discussion as to our application for a Certificate of Need for the above-referenced matter.

This response has been reviewed by the Applicant, and an appropriate affidavit is attached.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

A handwritten signature in black ink that reads "Christopher C. Puri".

By:

Christopher Puri

## **1. Applicant Profile**

It is noted the Letter of Intent indicates C. Puri is the contact for this application, while the actual application lists Michael D. Brent. Please clarify the correct contact person for this project.

**RESPONSE:** Please list Mr. Brent as the primary contact for the CON application. Mr. Brent and Mr. Puri are both members of Bradley Arant Boult Cummings LLP and are working jointly on the certificate of need application. If the Agency would like a corrected application page listing only one attorney, please advise us and we will supply a replacement page.

## **2. Section A, Executive Summary, Item A. 1 Overview**

Review of previously approved CN1407-031A revealed a construction cost of \$4,092,145 (\$149/SF). Please explain the reason construction costs in the submitted application is now \$4,463,046 (\$163.45 SF), a 9% increase.

**RESPONSE:** The construction cost of \$4,092,145 that was submitted with the original application was a cost estimate based upon the schematic drawings that were prepared for the original application in the spring of 2014. Contributing to the 9% increase is that the construction cost of \$4,463,046 in the submitted application is based upon actual bids received per the final set of drawings and specifications, and the actual bids in March 2015 were higher than the estimates from the spring of 2014. Also contributing to the 9% increase were the following: added costs for rock excavation well beyond what had been anticipated, added costs for fill material and concrete form work due to the rock encountered, added costs for a revision to the south skilled addition parking lot and driveway to improve traffic flow and safety, added costs due to weather delays, etc.

Please explain the reasons CN1407-031A expired. Please be specific.

**RESPONSE:** CN1407-031A expired by its terms prior to the completion of the project, which has taken longer than initially anticipated. Unfortunately, CN1407-031A expired because the Applicant failed to request an extension prior to the expiration date. Upon award of the CON the Applicant moved forward immediately and has been totally committed to constructing and completing the project. The Applicant's current administrator and current regional vice president were not involved in the CON application. There was an interim administrator in place during 2015 that failed to respond to the HSDA request for updates, and did not pass the HSDA requests on to the



regional vice president. In addition, the staff members at the Applicant's headquarters in Sioux Falls, SD, were concentrating on completing the project and in all honesty forgot about the need to request an extension.

Please indicate the building stage and % of completion for CN1407-031A.

**RESPONSE:** The project is in the finishing stages and nearing substantial completion. The north addition which includes 10 beds is 98% complete. The south addition which includes 20 beds and rehab/therapy is 90% complete.

**3. Section A, Executive Summary, Item A. 5-6 Overview Project Cost and Funding**

It is noted the Letter of Intent estimated the project cost as \$6,520,495.50 while the application on page 3 lists the project costs as \$6,765,226. Please clarify the reason for the difference.

**RESPONSE:** After reviewing the copies in our files, the Letter of Intent, Newspaper publication and project cost in the application, all reflect \$6,765,226.

On page 3 of the application, the applicant notes the project will be financed with cash reserves. However, on page 21 of the application the applicant states the project will be financed through a combination of a commercial loan, tax exempt bonds, and a commercial loan. Please clarify.

**RESPONSE:** The project will be financed through cash reserves of the Evangelical Lutheran Good Samaritan Society as well as tax-exempt bonds available to the Society. Both financing methods are indicated on page 21 and in the letter from the Executive Vice President and CFO attached with the application. The response on page 3 (Response (5)-(7) should state in the last sentence, "ELGSS will finance the project from cash reserves of the Evangelical Lutheran Good Samaritan Society as well as tax-exempt bonds available to the Society as shown by a letter from ELGSS's Chief Financial Officer that is included with this application." A corrected page 3 is attached.

**4. Section A, Project Details, Item 6B-(1) Plot Plan and 6B-(2) Floor Plan**

Please revise the plot plan to clearly include the location of the proposed construction.

**RESPONSE:** The attachments to the application at page A14 show a plot plan of the 23 acre site area. The site of the new construction is indicated by a

label at the top left corner with a line directing to the outline of the new construction. Please see Attachment to Supplemental Question 4.

Please provide a more legible enlarged floor plan drawing which includes labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc.

**RESPONSE:** Pursuant to a discussion with the HSDA, floor plan drawings were submitted with the original application.

**5. Section A, Project Details, Item 9 Medicaid/TennCare, Medicare Participation**

On the bottom of page 9 the applicant checked that if a new facility, Medicare certification would be sought, but Medicaid/TennCare would not. If this is an existing facility already certified with both Medicaid and Medicare, would this question actually apply to the proposed project?

**RESPONSE:** The blanks on the bottom of page 9 were checked to indicate the certification of the requested 30 beds will be identical to the existing facility's current 30 beds (all dually certified). To correct any confusion, a corrected page 9 is included leaving those blanks unchecked as Attachment to Supplemental Question 5.

Also on the bottom of page 9 the applicant erroneously listed the Medicare Provider Number Twice. As prescribed in the application, please list the Medicaid number under the Medicare number and submit a revised page 9.

**RESPONSE:** A corrected page 9 is included noting the Facility's Medicaid provider number, which is 7440813 as a TennCare nursing facility is included as Attachment to Supplemental Question 5.

**6. Section A, Project Details, Item 10 Bed Complement Data**

Please complete the bed complement data chart total line and submit a new page 10.

**RESPONSE:** A corrected page 10 is included noting the bed totals as requested as Attachment to Supplemental Question 6.

**7. Section B, Need, Item A**

Nursing Home Services Specific Criteria:

Item 4: Existing Nursing Home Capacity

The response is noted. However, please clarify the reasons occupancy from 2013 to 2015 for the other three nursing homes in Cumberland County have increased, but the applicant's has decreased.

**RESPONSE:** Based on the information reported in the Department of Health Joint Annual Report, Good Samaritan Fairfield Glade has actually reported a slight increase in net occupancy, while occupancy for other facilities has, in fact, reported as decreased. A chart of this occupancy is found below in the response to Supplemental Question 8. The Applicant has maintained a consistently very high occupancy of ninety-five percent (95%), which demonstrates the desirability of the facility and its services within the service area.

Item 8: Encouraging Facility Modernization

Please indicate if the proposed beds will improve the patient-centered nature of the facility by adding home-like features such as private rooms and/or home like amenities.

**RESPONSE:** The proposed new thirty (30) rooms will be all private rooms, just as the existing facility rooms are currently. The rooms will provide home-like amenities. Those amenities include, but are not limited to, visiting chaplains, non-denominational devotional spaces, a restaurant-style dining room, large gathering areas, cable television for residents, Wi-Fi service, guest suites for visitors and/or families, and mailing services.

Item 10: Community Linkage Plan

Please indicate if the applicant has any letters of support from providers in support of the proposed 30 bed addition that details instances of unmet need for nursing home services.

**RESPONSE:** The project was originally and continues to be strongly supported by the community. Letters of support from the original CN1407-031A application are provided with this response as Attachment to Supplemental Question 7 – Item 10.

Item 11: Access

The applicant states patient deflections are continuously experienced due to the unavailability of beds. Please discuss the reasons for patient deflections while the occupancy of the applicant is not at 100%.

**RESPONSE:** For a nursing facility of any size, net occupancy of 100% is not possible because of various delays that occur in refilling a patient bed after a patient has been discharged from the facility, and the lack of beds of a that suit the needs of particular patient (or vice versa). In the Applicant's facility this numerical occupancy factor problem is exacerbated because, with only 30 beds currently, just a single open bed on a given day can lower occupancy by almost 4%. So the 95% number reported by the Applicant is nearly or at net capacity for the 30 beds even when discharges and new admissions are managed effectively.

In the Applicant's Facility, numerous factors have impacted the deflection rate and net occupancy percentage. In some cases, deflections resulted from the unavailability of beds for residents that were wander risks. The Facility does not currently have rooms suited for these issues, and the proposed addition was and is planned to rectify that situation and allow greater service by the Facility to the community. Additionally, a small percentage of deflections resulted from the Applicant replacing resident room flooring in 2016 which took rooms out of service and reduced total net occupancy. Lastly, as noted above turnover time for resident rooms due to the move-in / move-out process, cleaning, etc. when transitioning from one resident to the next results in lower net available occupancy during a given day or days, making 100% occupancy impossible.

What was the licensed occupancy of the applicant for January 2017?

**RESPONSE:** The licensed occupancy for January 2017 was 95% with an average daily census of 28.5 residents.

Item 11: Quality Control and Monitoring

Please provide documentation the applicant is rated as a five star facility by Nursing Home Compare.

**RESPONSE:** A PDF printout of the Facility's profile from Medicare's Nursing Home Compare website at <https://www.medicare.gov/nursinghomecompare> is provided at Attachment to Supplemental Question 7- Item 11.

Item 14: Additional Occupancy Rate Standards

Please list the Cumberland County nursing homes with 50 beds that did not maintain an average occupancy rate of 90% for the latest JAR reporting year.

**RESPONSE:** For 2015, the most recent year reported by the Department of Health Joint Annual Report, the following facilities did not report an

occupancy percentage of 90% - Life Care of Crossville, Wyndridge, and Wharton.

Please note if there are any nursing homes in Cumberland County that is identified by the Department of Health as consistently noncomplying with quality assurance regulations, based on factor such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

**RESPONSE:** According to Medicare Nursing Home Compare, the Applicant's facility has the highest composite "star ratings" of the facilities in the County. The "star ratings" of the Cumberland County facilities are as follows:

	Overall	Health Inspections	Staffing	Quality Measures
Applicant	★★★★★	★★★★★	★★★★★	★★★★★
Life Care	★	★	★	★★★
Wharton	★★★★★	★★★	★★★★★	★★★★★
Wyndridge	★	★★	★★★	★

**8. Section B, Need, Item E.**

Your response is noted. Please complete the following tables:

**RESPONSE:**

**Cumberland County Nursing Home Utilization-2015**

Name	Lic. Beds	Beds-MCARE only-certified	Beds-Dually Certified	Beds Level 1 certified MCAID	Licensed Only Beds Non-Certified	SNF MCARE ADC	Level 2 MCAID ADC	skilled All other Payors ADC	Non-skilled ADC	Total ADC
Fairfield Glade	30	0	30	0	0	13.1	0.0	0.0	5.0	18.0
Life Care	122	0	122	0	0	27.6	0.2	1.2	71.5	100.2
Wyndridge	157	0	157	0	0	29.1	1.3	6.2	79.8	116.4
Wharton	62	0	62	0	0	17.2	0.0	0.0	35.8	53.0
<b>Total</b>	<b>371</b>	<b>0</b>	<b>371</b>	<b>0</b>	<b>0</b>	<b>86.9</b>	<b>1.4</b>	<b>7.4</b>	<b>192.1</b>	<b>287.7</b>

Source: Nursing Home JAR, 2015 (legend: Medicare=MCARE; TennCare/Medicaid=MCAID)

**Cumberland County Nursing Home Utilization Trends-2013-2015**

Facility	Licensed Beds	2013 Patient Days	2014 Patient Days	2015 Patient Days	'13- '15 % change	2013 % Occupancy	2014 % Occupancy	2015 % Occupancy
Fairfield Glade	30	10,324	10,479	10,374	0.48%	96%	95%	95%
Life Care	122	38,640	37,789	36,587	-5.31%	85%	82%	82%
Wyndridge	157	48,598	45,814	42,479	-12.59%	80%	74%	74%
Wharton	62	21,469	18,692	19,354	-9.85%	83%	86%	86%
Total	<b>371</b>	<b>121044</b>	<b>114788</b>	<b>110809</b>	<b>-8.46%</b>	<b>82%</b>	<b>85%</b>	<b>89%</b>

Source: Nursing Home JAR, 2013-2015

**Service Area Patient Accommodation Mix-2015 JAR**

Nursing Home	Licensed Beds	Total Private Beds	Total Semi-Private Beds	Total Companion Beds	Ward Beds
Fairfield Glade	30	30	0	0	0
Life Care	122	8	114	0	0
Wyndridge	157	9	148	0	0
Wharton	62	26	36	0	0
<b>Service Area Totals</b>	<b>371</b>	<b>73</b>	<b>298</b>	<b>0</b>	<b>0</b>

**9. Section C, Need, Item F.**

Please complete the following tables:

**RESPONSE:**

**Proposed 30 beds -Projected Utilization**

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	30	30	10.3	0	18.1	0	28.5	95%
2	30	30	10.3	0	18.1	0	28.5	95%

\* Includes dually-certified beds

**60 Bed Facility-Projected Utilization**

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	60	60	25.6	6.0	19.6	.1	51	85%
2	60	60	27.0	6.3	20.7	.1	54	90%

\* Includes dually-certified beds

The projected payor mix table for Year One is noted. However, the projected Gross operating total of \$5,704,134 does not match any of the submitted Projected Data Charts. Please revise to reflect the payor mix of the proposed 30 bed addition as proposed in this application.

**RESPONSE:** The Applicant has reviewed its projections and has revised its Year One projections on page 18 as follows:

The Applicant projects Average Daily Census by Payor for the 60 Bed Facility (2017 - 2019) as follows:

Payor	2017	2018	2019
Private	19.6	20.70	21.9
Medicare	6.0	6.3	6.7
Managed Care	19.6	20.7	21.9
M/C Medicaid	6.0	6.3	6.7
<b>Total Patients:</b>	<b>51</b>	<b>54.0</b>	<b>57.0</b>

The projected payor mix for Year 1 is as follows:

Payor Source	Projected Gross Operating Revenue	As a % of Total
Private Pay	1,851,811	25%
Medicaid	455,644	6%
Medicare	3,366,626	45%
Managed Care - Medicare	1,087,510	15%
Out Patient	656,640	9%
<b>TOTAL</b>	<b>7,418,231</b>	<b>100%</b>

#### 10. Section B, Economic Feasibility, Item A (Project Cost Chart)

The Project Cost Chart is noted. Please clarify what items and dollar amount in the Project Cost Chart are remaining as a cost to the project.

**RESPONSE:** The project is in the finishing stages and nearing substantial completion relative to the overall portion of the remaining costs. Work in progress that remains to be completed includes; final painting, mechanical / electrical / plumbing trim out, acoustical lay-in ceilings, flooring, door and hardware installation, countertop installation, fire alarm, data / phone / low voltage systems and landscaping. Approximately \$357,000 of work is remaining.

Since the deed provided in the application attests to the applicant's site control and 23 acres as noted in the plot plan, what accounts for the \$235,000 land acquisition cost in Line B.3 of the chart? Please clarify.

**RESPONSE:** The Applicant has allocated the \$235,000 to the project based on the acquisition cost for the property. The Applicant's CN1407-031 application contained the same \$235,000 allocation.



**11. Section B, Economic Feasibility, Item B (Funding)**

The response is noted. Review of the January 30, 2017 letter from the CFO of the parent company revealed the project will be financed through a combination of cash reserves and tax-exempt bonds. However, reference to financing with a commercial loan was not indicated in CFO's the letter as reflected on page 21 of the application. In addition, the applicant did not check cash reserves on page 21 as a source of funding. Also, documentation from the commercial lender and underwriter could not be found. Please revise page 21 to reflect the correct funding sources and submit all funding documentation.

Also, please indicate the percentage of the project that will be funded by commercial loan, tax-exempt bonds, and cash reserves.

**RESPONSE:** The funding sources on page 21 of the application incorrectly indicate that there will be funding from a commercial loan.

The project will be financed through cash reserves of the Evangelical Lutheran Good Samaritan Society as well as tax-exempt bonds available to the Society. Both financing methods are indicated on page 21 and in the letter from the Executive Vice President and CFO attached with the application. The response on page 3 (Response (5)-(7) should state in the last sentence, "ELGSS will finance the project from *cash reserves of the Evangelical Lutheran Good Samaritan Society as well as tax-exempt bonds available to the Society* as shown by a letter from ELGSS's Chief Financial Officer that is included with this application.

A corrected page 21 showing only Cash Reserves and Tax Exempt Bonds are funding sources is attached at Attachment to Supplemental Question 11. The application provides documentation of the funding from the Society's Executive Vice President and CFO.

Nearly 100% of the project will be funded through the available tax-exempt bonds, but a small portion (less than 1%) has or will be paid for with available cash reserves.

**12. Section B, Economic Feasibility, Item D - Projected Data Chart**

The Projected Data Charts for the Total Facility and Project Only are noted. However, in line "A. Utilization Data" please specify the unit of measure for each Projected Data Chart. In addition, please remove dollar signs from line "A. Utilization Data" and correct the Net Balance total of \$354,614 for Year 2018 of the Total Facility Projected Data Chart. Please revise and submit the requested Projected Data Charts.



**RESPONSE:** A corrected copy of the noted Projected Data Charts is included with these supplemental responses at Attachment to Supplemental Question 12.

Please explain what is being depreciated in Line F.2 of both Projected Data charts.

**RESPONSE:** On the "30 bed new project only" the depreciation is for the 30 bed facility is only based upon project costs. On the "60 bed projected data chart" the depreciation includes the "30 bed new project only" facility depreciation plus the existing facility depreciation expense of \$308,757.

### 13. Section B, Economic Feasibility, Item E

The table of the project's average gross charge, average deduction from operating revenue, and average net charge is noted. However, please complete Year One and Year Two columns using the Projected Data Chart for the proposed 30 bed addition only. The Current Year column should reflect the Year 2016, the Previous Year column should reflect the Year 2015 in the Historical Data Chart. Please revise and submit a replacement page 29.

**RESPONSE:** A revised table from the top of page 29 is included below:

- E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year - 2015	Current Year - 2016	Year One - 2017	Year Two - 2018	% Change (Current Year to Year 2)
<b>Gross Charge</b> ( <i>Gross Operating Revenue/Utilization Data</i> )	\$545.98	\$516.29	\$583.59	\$594.39	15%
<b>Deduction from Revenue</b> ( <i>Total Deductions/Utilization Data</i> )	\$189.85	\$166.63	\$199.71	\$204.20	22%
<b>Average Net Charge</b> ( <i>Net Operating Revenue/Utilization Data</i> )	\$356.13	\$349.66	\$383.88	\$390.19	12%

### 14. Section B, Economic Feasibility, Item G

The projected payor mix table for Year One is noted. However, the projected Gross operating total of \$5,704,134 does not match any of the submitted Projected Data Charts. Please revise and submit a replacement page 31 to reflect the payor mix of the proposed 30 bed addition as proposed in this application.

**RESPONSE:** A revised table from the middle of page 31 is included below:

The Applicant's Projected Payor Mix for year 1 is below:

**Applicant's Projected Payor Mix, Year 1**

<b>Payor Source</b>	<b>Projected Gross Revenue</b>	<b>As a % of total</b>
Medicare/Medicare Managed Care	\$3,366,626	45%
TennCare/Medicaid	\$455,644	6%
Commercial/Other Managed Care	\$1,087,510	15%
Self-Pay [Private Pay]	\$1,851,811	25%
Charity Care	0	0%
Other (Specify) <u>Outpatient</u>	\$656,640	9%
<b>Total</b>	<b>\$7,418,231</b>	<b>100%</b>

**15. Section B, Orderly Development, Item F**

Your response is noted. It is noted HSDA Rules require than an annual Progress Report (APR) be submitted each year. Brief progress status updates are requested as needed. A review of the applicant's file (CN1407-031A) indicated HSDA staff requested an annual progress report and final progress report from the applicant. However, the applicant did not comply as requested. Please explain the reasons why the applicant did not comply, and please indicate what type of internal changes has taken place to insure any information requested by HSDA staff will be received in a timely manner.

**RESPONSE:** CN1407-031A expired unfortunately because the Applicant failed to request an extension prior to the expiration date. Upon award of the CON, the Applicant moved forward immediately and has been totally committed to constructing and completing the project. The Applicant's current administrator and current regional vice president were not involved in the CON application. There was an interim administrator in place during 2015 that failed to respond to the HSDA request for updates, and did not pass the HSDA requests on to the regional vice president. In addition, the staff members at the Applicant's headquarters in Sioux Falls, SD, were concentrating on completing the project and in all honestly forgot about the need to request an extension.

**16. Project Completion Chart**

The applicant notes the Initial HSDA decision date is April 2017. However, the earliest this application may be heard by the Agency is June 2017. Please submit a revised Project Completion Forecast Chart.

**February 24, 2017**

**2:46 pm**

**RESPONSE:** The Project Completion Forecast Chart was completed based on the anticipation that the Agency would approve the application for consent consideration at the April 2017 meeting, based on its prior approval. In its application, it was the Applicant's oversight to indicate so in the application. A separate letter requesting and justifying consent consideration has been sent to the Executive Director and is attached to these responses.

Since the applicant does not have an active Certificate of Need for the proposed project, has construction ceased until a new Certificate of Need is approved?

**RESPONSE:** The Applicant understands and acknowledges that a new CON is required to allow licensure of the additional thirty (30) beds that are under construction, and that the HSDA must approve this pending application. However, to avoid any delays as much as possible in the opening of the new facility beds when and if the requested CON is granted, it is continuing with construction with the acknowledgement of these risks.

Good Samaritan Society-Fairfield Glade  
CN1702-006

Responses to First Supplemental Questions

Attachment to Supplemental Question 3

**February 24, 2017****2:46 pm**

The Evangelical Lutheran Good Samaritan Society (ELGSS), a North Dakota nonprofit corporation founded in 1922, owns 100% of The Good Samaritan Society-Fairfield Glade. ELGSS operates senior housing and health care facilities in approximately 240 locations in 22 states. The Continuing Care Retirement Community (CCRC) at Fairfield Glade is currently the only ELGSS facility in Tennessee. The services at Fairfield Glade focus on the concept of "aging in place" through communities that provide a continuum of care, including assisted living, senior housing, skilled nursing care and home care.

3) Service area;

**RESPONSE:** The Applicant's projected service area is Cumberland County. An overview of the service area is provided as follows:

- The total population of the service area is estimated at 62,847 residents in calendar year (CY) 2017 increasing by approximately 3% to 64,687 residents in CY 2019.
- The overall statewide population is projected to grow by 2% from 2017 to 2019.
- The 65 and older population is expected to comprise approximately 34% of the total county population in CY2019 compared to 17% statewide.
- The 65 and older population of Cumberland County will increase by approximately 3% from CY2017 to CY2019 compared to a statewide increase of 8% during the period.
- The proportion of TennCare enrollees of the total county population is 21.4%, compared with the state-wide average of 22.6%.

4) Existing similar service providers;

**RESPONSE:** There are four existing skilled nursing facilities in the Applicant's projected service area of Cumberland County. They are Life Care Center of Crossville (122 beds), Wharton Nursing Home (62 beds), Wyndridge Health and Rehabilitation Center (157 beds) and the Applicant, Good Samaritan Fairfield Glade (30 beds).

The Applicant is a Continuing Care Retirement Community ("CCRC") and its campus setting provides care ranging from independent living to assisted care living to skilled nursing. There are no healthcare facilities or senior housing communities with supportive services in Fairfield Glade. All of the available medical and long-term care services are located elsewhere in Cumberland County, mainly Crossville, which is 10-15 miles away. While Uplands Village also serves Cumberland County residents at its CCRC, it is located approximately 24 miles from the Applicant.

5) Project cost;

6) Funding;

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

**RESPONSE (5)-(7):** The total estimated project cost is \$6,765,226, with construction costs totaling \$4,463,046, or 66% of total cost. The construction cost is \$163.45 per square foot. As discussed below, the new construction cost compares favorably with statewide nursing home construction projects from 2013 to 2015, being slightly above the 1<sup>st</sup> quartile of \$152.80/sq. ft. but well below the median cost of \$172.14/sq. ft. ELGSS will finance the project from cash reserves of the Evangelical Lutheran Good Samaritan Society as well as tax-exempt bonds available to the Society as shown by a letter from ELGSS's Chief Financial Officer that is included with this application.

Good Samaritan Society-Fairfield Glade

CN1702-006

Responses to First Supplemental Questions

Attachment to Supplemental Question 5

February 24, 2017

7. **Type of Institution** (Check as appropriate--more than one response ~~2:46 pm~~)

- |  |  |       |
|--|--|-------|
| A. Hospital (Specify) _____  | H. Nursing Home  | XX    |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____        | I. Outpatient Diagnostic Center  | _____ |
| C. ASTC, Single Specialty _____  | J. Rehabilitation Facility   | _____ |
| D. Home Health Agency _____  | K. Residential Hospice   | _____ |
| E. Hospice _____   | L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction | _____ |
| F. Mental Health Hospital _____  | M. Other (Specify) _____   | _____ |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____ |  |       |

Check appropriate lines(s).

8. **Purpose of Review** (Check appropriate lines(s) - more than one response may apply)

- |   |   |       |
|---|---|-------|
| A. New Institution _____  | F. Change in Bed Complement   | XX    |
| B. Modifying an ASTC with limitation still required per CON _____               | [Please note the type of change by underlining the appropriate response: <u>Increase</u> , Decrease, Designation, Distribution, Conversion, Relocation] |       |
| C. Addition of MRI Unit _____   | Opiate Addiction  | _____ |
| D. Pediatric MRI _____  | G. Satellite Emergency Dept.  | _____ |
| E. Initiation of Health Care Service as defined in T.C.A. § 68-11-1607(4) _____ | H. Change of Location   | _____ |
| (Specify) _____   | I. Other (Specify) _____  | _____ |

9. **Medicaid/TennCare, Medicare Participation**MCO Contracts [check all that apply]

XX AmeriGroup XX United Healthcare Community Plan XX BlueCare XX TennCare Select

Medicare Provider Number \_\_\_\_\_ 44-5506

Medicare Provider Number \_\_\_\_\_ 7440813

Certification Type Skilled Nursing Facility

If a new facility, will certification be sought for Medicare and/or Medicaid/Tenn/Care?

Medicare Yes \_\_\_ No \_\_\_ N/A

Medicaid/TennCare \_\_\_ Yes \_\_\_ No N/A

**RESPONSE:** The Applicant currently has contracts with the following Managed Care Organizations: AmeriChoice, AmeriGroup Community Care, Blue Cross/Blue Shield of Tennessee, Humana, TennCare Select, and United Healthcare. In addition, the Applicant is currently certified to provide Medicare and Medicaid (i.e. TennCare) services.

Good Samaritan Society-Fairfield Glade

CN1702-006

Responses to First Supplemental Questions

Attachment to Supplemental Question 6



February 24, 2017

2:46 pm

10. Bed Complement Data

A. Please indicate current and proposed distribution and certification of facility beds.

	Current Licensed	Beds Staffed	Beds Proposed	*Beds Approved	**Beds Exempted	TOTAL Beds at Completion
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home - SNF (Medicare only)						
16) Nursing Home - NF (Medicaid only)						
17) Nursing Home - SNF/NF (dually certified Medicare/Medicaid)	30	30	30			60
18) Nursing Home - Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
<b>TOTAL</b>	<b>30</b>	<b>30</b>	<b>30</b>			<b>60</b>

\*Beds approved but not yet in service

\*\*Beds exempted under 10% per 3 year provision

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. **Attachment Section A-10.**

**RESPONSE:** A skilled nursing facility is crucial to the success of the CCRC model. This comprehensive continuum of services will allow individuals to "age in place" within the community that they have made the choice to call home. The comprehensive development concept avoids dislocation of that individual from their friends, spouse, or church community when their health needs require additional services, or care in a residential health care facility. With the addition of 30 beds to the existing skilled nursing facility, the Applicant can ensure sufficient capacity to avoid such dislocation of individuals from the community. The additional 30 beds will increase the Facility's total dually certified skilled nursing facility beds from 30 to 60 total beds.

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

**RESPONSE:** None.

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved

Good Samaritan Society-Fairfield Glade

CN1702-006

Responses to First Supplemental Questions

Attachment to Supplemental Question 7 – Item 10

**February 24, 2017**

**2:46 pm**

**Letters of Support**

**February 24, 2017**

**2:46 pm**

**Cameron Sexton**

State Representative  
25th Legislative District  
rep.cameron.sexton@capitol.tn.gov

**District Office**

186 Homestead Drive  
Crossville, TN 38555  
(931) 707-5126

**House of Representatives  
State of Tennessee**

**NASHVILLE**

July 8, 2014

**Legislative Office:**

Nashville, TN 37243  
(615) 741-2343  
Fax: (615) 253-0230

**Member of Committees**

Calendar and Rules  
Business and Utilities  
Health  
Health Subcommittee

Health Services & Development Agency  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

RE: Good Samaritan Society of Fairfield Glade  
Cumberland County

To Whom It May Concern:

Good Samaritan Society of Fairfield Glade has made application to your board requesting approval of a Certificate of Need for 30 additional beds.

This 30 bed expansion would enable GSS to expand their skilled care facility in Fairfield Glade. Currently, the beds are designated to serve long-term residents as well as those in need of rehabilitation services. They have operated at or near full occupancy of its skilled-care beds. They currently have a waiting list for this level of care which has remained reasonably constant for the past year.

The Good Samaritan Society serves one of the largest retirement communities in the state, Fairfield Glade. Fairfield Glade has over 7,000 residents, most of which are over the age of 60. As this community continues to grow older, these individuals will start needing long-term options. Our community needs additional beds to handle this rapidly increasing population.

I strongly urge you to give all due consideration to Good Samaritan Society of Fairfield Glade's CON application. Thank you for your time and attention to this matter.

Sincerely,



Cameron Sexton

**HOUSE MAJORITY WHIP  
108<sup>th</sup> General Assembly**

**February 24, 2017**

**2:46 pm**

***Mayor Kenneth Carey, Jr.***

**2 North Main Street**

**Crossville, TN 38555**

**Phone (931) 484-6165**

**Fax (931) 484-5374**

**mayorcarey@cumberlandcountyttn.gov**

June 25, 2014

Tennessee Health Services & Development Agency

Dear Agency Members:

I take this opportunity to offer you my personal endorsement of the Certificate of Need application submitted to you by the Good Samaritan Society, Fairfield Glade. There is no question this organization is fulfilling an important need in our community and it is quite obvious they need the 30 additional beds requested in their correspondence. The upcoming expansion of their campus makes this need even greater. I respectfully ask you approve their request in your 2014 allocation.

Cumberland County citizens take pride in Good Samaritan's impressive facility and the nature of care provided our seniors by a highly-trained and dedicated staff. The campus has an economic impact on our county – not only because of the jobs it provides but the important role it plays in recruiting retirees to our community.

The facility is now full with waiting lists for independent living apartments and skilled-care beds. This creates a heartbreaking situation for our citizens, not to mention residents at the facility, who are in need of increased health care. The alternative for a person, many times, is to move from a community he or she has come to love in order to find the care required.

I thank you for considering the Good Samaritan Society's application. I hope you will grant their request.

Sincerely,



Kenneth Carey Jr.  
Cumberland County Mayor

**February 24, 2017**

**2:46 pm**

**CITY OF CROSSVILLE**  
392 NORTH MAIN STREET  
CROSSVILLE, TENNESSEE 38555-4232  
TEL (931) 484-5113  
FAX (931) 484-7713

OFFICE OF THE  
MAYOR

June 24, 2014

Tennessee Health Services & Development Agency

Dear Agency Members:

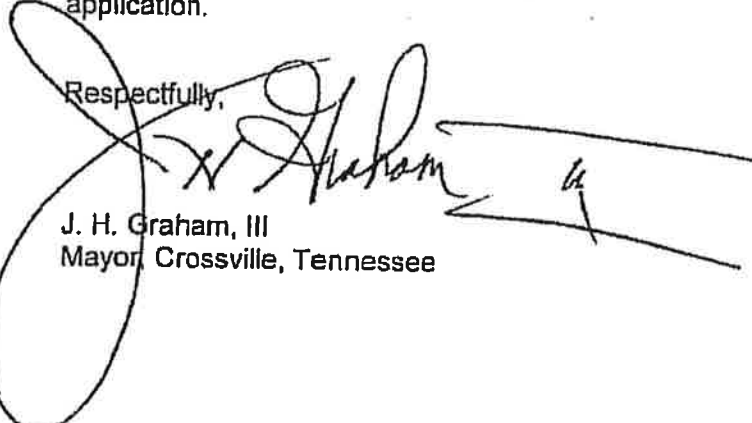
It is with great pleasure I write to support the Good Samaritan Society, Fairfield Glade as it applies for a Certificate of Need requesting the increase from 30 beds currently to 60 beds in their skilled care facility. These additions would be part of a major expansion of the facility which will begin in the Fall of this year. I respectfully encourage you to authorize the additional beds in your 2014 allocation.

We who live in Cumberland County are proud of Good Samaritan's beautiful facility and the level of care provided our seniors by their exceptional staff. It is comforting to our citizens and to those who consider moving to our community that such a place can be available to them or to loved ones.

Currently, the facility is at full capacity with waiting lists for apartments and skilled-care beds. This creates a heart-wrenching problem for anyone – a Crossville native or a resident who lives within the facility itself – who should need to advance from independent living to more increased health care. Other places and options must be considered and, in many cases, the alternatives are not as appealing.

In closing, let me thank you for considering the Good Samaritan Society's request for additional beds. I personally recognize the need and am glad to endorse their application.

Respectfully,



J. H. Graham, III  
Mayor, Crossville, Tennessee

**February 24, 2017****2:46 pm**100 Samaritan Way  
Crossville, TN 38558Phone: (931) 456-1576  
Fax: (931) 456-1575  
www.good-sam.com

Dear Agency Members:

Good Samaritan Society of Fairfield Glade has applied for a Certificate of Need to enable it to expand its skilled care facility in Cumberland County from 30 to 60 beds. This expansion would be part of enlarging the entire senior care facility in Fairfield Glade. We are writing in support of this application and urge you to authorize the additional beds in the 2014 allotment.

This Advisory Board is made up of members with diverse backgrounds from Cumberland County. Based on our knowledge of our community, we believe there is a clear need for additional long-term and rehabilitation beds to serve the needs of our citizens. Since its opening in 2011, Good Samaritan has operated at or near full occupancy of its skilled-care beds and currently has a waiting list for this level of care. This list has remained reasonably constant for the last year.

We urge you to authorize an additional 30 beds for the Good Samaritan Society in Fairfield Glade.

Sincerely yours,

Donald J. Rels, Chair  
GSS Administrators Advisory Board

Members

(Chair)	Don Rels, Retired Attorney and Nevada's Chief Deputy Secretary of State
(VP)	Kyle Morrison, Retired Engineer, Eastman Kodak
(Secretary)	Judy Etzel, Retired Manager of Technical Writing Staff, Ryder System Company,
(At Large)	Stan Bolling, Vice President, Senior Health Services, Covenant Health
(At Large)	Nan Sharp, Retired owner of accounting consulting firm, former auditor, Price Waterhouse
(At Large)	Phil Magdich, Retired owner of Hilliard and Lyons Investment firm
(At Large)	Bob Citkovic, Chief of Fairfield Glade Fire Department; Retired, IBM
(At Large)	Rev. LaNita Monroe, United Methodist Church

*In Christ's Love, Everyone Is Someone.*

Good Samaritan Society-Fairfield Glade

CN1702-006

Responses to First Supplemental Questions

Attachment to Supplemental Question 7 – Item 11



**February 24, 2017****2:46 pm**






# Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

## General information

**GOOD SAMARITAN  
SOCIETY - FAIRFIELD****GLADE** **Overall rating** : *5 out of 5 stars*  
**Much Above Average**100 SAMARITAN WAY  
CROSSVILLE, TN 38558  
(931) 456-1576**Distance** : 11.2 miles

### Nursing home information

30 certified beds Participates in :  
Medicare and MedicaidOwnership : Non profit -  
Church relatedAutomatic sprinkler  
systems  in all required  
areas: YesWithin a Continuing Care  
Retirement Community(CCRC)  (CCRC)Not in a hospital 

Has a Resident and Family

Council 

### Star rating categories

**Health inspection** *4 out of 5 stars*  
**Above Average****Staffing** *5 out of 5 stars*  
**Much Above Average****Quality measures** *5 out of 5 stars*  
**Much Above Average**

### Ownership information

Ownership : Non profit - Church related

Legal business name: THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY

[Get more ownership information](#)

Good Samaritan Society-Fairfield Glade

CN1702-006

Responses to First Supplemental Questions

Attachment to Supplemental Question 11

**February 24, 2017****2:46 pm****B. Identify the funding sources for this project.**

Check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)**

- ☐ 1) Commercial loan - Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☒ 2) Tax-exempt bonds - Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3) General obligation bonds - Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4) Grants - Notification of intent form for grant application or notice of grant award;
- ☒ 5) Cash Reserves - Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ 6) Other - Identify and document funding from all other sources.

**RESPONSE:** ELGSS will finance the project from cash reserves of the Evangelical Lutheran Good Samaritan Society as well as tax-exempt bonds available to the Society as shown by a letter from ELGSS's Chief Financial Officer that is included with this application. Please see *Attachment Section B: Economic Feasibility, Question B* for documentation from ELGSS's Chief Financial Officer.

**C. Complete Historical Data Charts on the following two pages — Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

*Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

Good Samaritan Society-Fairfield Glade

CN1702-006

Responses to First Supplemental Questions

Attachment to Supplemental Question 12

February 24, 2017  
 2:46 pm  
☒ Total Facility  
☐ Project Only

## PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year <u>2017</u>	Year <u>2018</u>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) --- <u>PATIENT DAYS</u>	<u>8212</u>	<u>8760</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$4,223,903</u>	<u>\$5,038,571</u>
2. Outpatient Services	<u>                    </u>	<u>                    </u>
3. Emergency Services	<u>                    </u>	<u>                    </u>
4. Other Operating Revenue (Specify) <u>                                    </u>	<u>                    </u>	<u>                    </u>
<b>Gross Operating Revenue</b>	<b><u>\$4,223,903</u></b>	<b><u>\$5,038,571</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$1,543,214</u>	<u>\$1,840,568</u>
2. Provision for Charity Care	<u>                    </u>	<u>                    </u>
3. Provisions for Bad Debt	<u>                    </u>	<u>                    </u>
<b>Total Deductions</b>	<b><u>\$1,543,214</u></b>	<b><u>\$1,840,568</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$2,680,689</u></b>	<b><u>\$3,198,003</u></b>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>\$807,454</u>	<u>\$864,621</u>
b. Non-Patient Care	<u>\$214,579</u>	<u>\$233,158</u>
2. Physician's Salaries and Wages	<u>                    </u>	<u>                    </u>
3. Supplies	<u>                    </u>	<u>                    </u>
4. Rent	<u>\$605,781</u>	<u>\$758,496</u>
a. Paid to Affiliates	<u>                    </u>	<u>                    </u>
b. Paid to Non-Affiliates	<u>                    </u>	<u>                    </u>
5. Management Fees:		
a. Paid to Affiliates	<u>\$103,944</u>	<u>\$216,281</u>
b. Paid to Non-Affiliates	<u>                    </u>	<u>                    </u>
6. Other Operating Expenses	<u>\$233,735</u>	<u>\$260,974</u>
<b>Total Operating Expenses</b>	<b><u>\$1,965,493</u></b>	<b><u>\$2,333,530</u></b>
E. <b>Earnings Before Interest, Taxes and Depreciation</b>	<b><u>\$715,196</u></b>	<b><u>\$864,473</u></b>
F. Non-Operating Expenses		
1. Taxes	<u>\$                    </u>	<u>\$                    </u>
2. Depreciation	<u>\$112,504</u>	<u>\$160,721</u>
3. Interest	<u>\$227,933</u>	<u>\$224,786</u>
4. Other Non-Operating Expenses	<u>                    </u>	<u>                    </u>
<b>Total Non-Operating Expenses</b>	<b><u>\$340,437</u></b>	<b><u>\$385,507</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>\$374,759</u></b>	<b><u>\$478,966</u></b>

Chart Continues Onto Next Page

**\$374,759**

**February 24, 2017**  
**2:46 pm** **\$478,966**

1. Annual Principal Debt Repayment
2. Annual Capital Expenditure

\$57,213

\$60,359

\$53,613

\$63,960

**\$110,826**

**\$124,319**

**\$263,933**

**\$354,614**

**\$112,504**

**\$160,721**

**\$376,437**

**\$515,335**

☐ Total Facility  
☐ Project Only

### OTHER EXPENSES CATEGORIES

**Year 2017**

**Year 2018**

## 1. Professional Services Contract

\$233,735

\$260,974

## 2. Contract Labor

### 3. Imaging Interpretation Fees

4. \_\_\_\_\_

5. \_\_\_\_\_

6. \_\_\_\_\_

7. \_\_\_\_\_

### Total Other Expenses

**\$233,735**

**\$260,974**

February 24, 2017

2:46 pm ☒ Total Facility☐ Project Only**PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	<u>Year 2017</u>	<u>Year 2018</u>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) --- <b><u>PATIENT DAYS</u></b>	<u>16,425</u>	<u>17,520</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$8,904,653</u>	<u>\$9,719,321</u>
2. Outpatient Services	<u>\$631,142</u>	<u>\$643,764</u>
3. Emergency Services		
4. Other Operating Revenue (Specify) admin, building rent, vending, Gift, grant, uniforms	<u>\$49,679</u>	<u>\$50,672</u>
<b>Gross Operating Revenue</b>	<b><u>\$9,585,474</u></b>	<b><u>\$10,413,757</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$3,250,198</u>	<u>\$3,547,552</u>
2. Provision for Charity Care		
3. Provisions for Bad Debt	<u>\$30,000</u>	<u>\$30,000</u>
<b>Total Deductions</b>	<b><u>\$3,280,198</u></b>	<b><u>\$3,577,552</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$6,305,276</u></b>	<b><u>\$6,836,205</u></b>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>\$1,905,592</u>	<u>\$1,962,759</u>
b. Non-Patient Care	<u>\$619,304</u>	<u>\$637,883</u>
2. Physician's Salaries and Wages	<u>\$22,464</u>	<u>\$23,138</u>
3. Supplies	<u>\$1,709,544</u>	<u>\$1,862,259</u>
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates		
5. Management Fees:		
a. Paid to Affiliates	<u>\$419,695</u>	<u>\$428,088</u>
b. Paid to Non-Affiliates		
6. Other Operating Expenses	<u>\$907,984</u>	<u>\$935,223</u>
<b>Total Operating Expenses</b>	<b><u>\$5,584,583</u></b>	<b><u>\$5,849,350</u></b>
E. Earnings Before Interest, Taxes and Depreciation	<u>\$720,693</u>	<u>\$986,855</u>
F. Non-Operating Expenses		
1. Taxes		
2. Depreciation	<u>\$421,261</u>	<u>\$469,478</u>
3. Interest	<u>\$354,292</u>	<u>\$347,645</u>
4. Other Non-Operating Expenses		
<b>Total Non-Operating Expenses</b>	<b><u>\$775,553</u></b>	<b><u>\$817,123</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>\$(54,860)</u></b>	<b><u>\$169,732</u></b>

Chart Continues Onto Next Page

**\$(54,860)**

\$147,532

\$152,000

\$126,705

\$136,724

**\$274,237**

**\$288,724**

**\$(329,097)**

**\$(118,992)**

**\$421,261**

**\$469,478**

**\$92,164**

**\$350,486**

☐ Total Facility  
☐ Project Only

### OTHER EXPENSES CATEGORIES

Year 2017

**Year 2018**

\$907,984

\$935,553

100

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\$ \_\_\_\_\_



**February 24, 2017**

**2:46 pm**

FEB 24 2017 2:46 PM

AFFIDAVIT

STATE OF ~~TENNESSEE~~ **SOUTH DAKOTA**

COUNTY OF MINNEHAHA

NAME OF FACILITY: GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

I, G. Grant Tribble, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature]  
Signature/Title

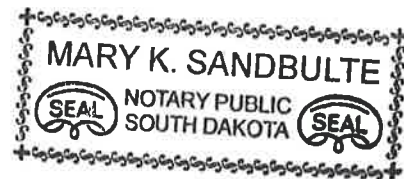
Sworn to and subscribed before me, a Notary Public, this the 24<sup>th</sup> day of February, 2017, witness my hand at office in the County of Minnehaha, State of ~~Tennessee~~ **SOUTH DAKOTA**.

[Signature]  
NOTARY PUBLIC

My commission expires 2-17-2020.

HF-0043

Revised 7/02



# Supplemental- #2 -COPY-

Good Samaritan Society –  
Fairfield Glade

CN1702-006

**Christopher C. Puri**

Counsel :  
cpuri@bradley.com  
615.252.4643 direct

**SUPPLEMENTAL #2**  
February 28, 2017  
**Bradley**  
11:42 am

FEB 28 '17 AM 11:42

February 28, 2017

Mr. Phillip M. Earhart  
HSDA Examiner  
Tennessee Health Services and Development Agency  
Andrew Jackson State Office Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

Re: Certificate of Need Application Good Samaritan Society-Fairfield  
Glade (CN1702-006) - Responses to Second Supplemental Questions

Dear Mr. Earhart:

This letter will serve as a response to your letter of February 27, 2017 requesting clarification or additional discussion as to our application for a Certificate of Need for the above-referenced matter.

This response has been reviewed by the Applicant, and an appropriate affidavit is attached.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP



By:

Christopher Puri

**1. Section A, Project Details, Item 6B-(1) Plot Plan and 6B-(2) Floor Plan**

The applicant refers to Attachment to Supplemental Question #4. However, the attachment could not be located. Please provide.

**RESPONSE:** Please see the enclosed Attachment to Second Supplemental Question 1.

**2. Section B, Need, Item E.**

The applicant provided the following data for the Year 2015. However, with a 95% occupancy the data below does not match. Please clarify if the applicant submitted a 2015 Joint Annual Report that included errors. Please revise the following chart that reflects 95% occupancy in 2015 as reported by the applicant.

**RESPONSE:** The Applicant has revised the chart below to reflect the 2015 patient day utilization of 10,374 as listed in the Applicant's Historical Data Chart. The chart was previously submitted using only Joint Annual Report data, even though the Applicant's JAR data is inaccurate. A revised chart is noted below.

The patient days listed in the 2015 Joint Annual Report are not correct, and the Applicant will make contact with the Department of Health about making corrections to the report.

Name	Lic. Beds	Beds-MCARE only-certified	Beds-Dually Certified	Beds Level 1 certified MCAID	Licensed Only Beds Non-Certified	SNF MCARE ADC	Level 2 MCAID ADC	skilled All other Payors ADC	Non-skilled ADC	Total ADC
Fairfield Glade	30	0	30	0	0	20	0	1	8	28

The applicant completed and submitted the following table. However, there are several errors in the submitted table. Please correct and resubmit the following table.

**RESPONSE:** The Applicant has revised the chart below and the revised chart is included below.

**Cumberland County Nursing Home Utilization Trends-2013-2015**

Facility	Licensed Beds	2013 Patient Days	2014 Patient Days	2015 Patient Days	'13- '15 % change	2013 % Occupancy	2014 % Occupancy	2015 % Occupancy
Fairfield Glade *	30	10324	10,479*	10374*	.5%	94%	96%	95%
Life Care	122	38640	37789	36587	-5.3%	87%	85%	82%
Wyndridge	157	48598	45814	42479	-12.6%	85%	80%	74%
Wharton	62	21469	18692	19354	-9.9%	95%	83%	86%
Total	371	119031	111969	104996	-11.8%	88%	83%	78%

Source: Nursing Home JAR, 2013-2015, unless noted - \* from Applicant's data.

**3. Section C, Need, Item F.**

The projected payor mix table for Year One is noted. However, the projected Gross operating total of \$7,418,231 does not match any of the submitted Projected Data Charts. Please revise to reflect the payor mix of the proposed 30 bed addition as proposed in this application.

**RESPONSE:** The Applicant's Projected Data Chart has been revised. Revised Projected Data Charts for the Applicant (both for the project and the total facility with 60 beds) have been amended and are included as Attachment to Second Supplemental Question 3-1.

The projected Gross operating revenue total for Year One is \$4,940,588.40 for the proposed 30 bed addition. The revenue mix breakdown is projected to be Medicare (50%); TennCare/Medicaid (7%); Commercial/Other Managed Care (16%), and Private Pay (27%). A replacement page 18 is included as Attachment to Second Supplemental Question 3-2.

**4. Section B, Economic Feasibility, Item B (Funding)**

It is noted nearly 100% of the project will be funded through available tax-exempt bonds. With respect to the tax-exempt bonds the application form clearly requires the following information: Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance. Please provide this documentation.

**RESPONSE:** The Applicant is resubmitting letters from the bond issuer, the Colorado Housing Financing Authority, to supplement the letter from the Chief Financial Officer of ELGSS. These letters were previously submitted and accepted as sufficient evidence of the financing under the previously granted CN1407-031. Please see the letter included as Attachment to Second Supplemental Question 4.

**5. Section B, Economic Feasibility, Item E**

The table of the project's average gross charge, average deduction from operating revenue, and average net charge is noted. However, please complete Year One and Year Two columns using the Projected Data Chart for the proposed 30 bed addition only, not the overall facility.

**RESPONSE:** The noted table at the top of page 29 has been revised to reflect the Applicant's revised Projected Data Chart calculations. A replacement page 29 is included as Attachment to Second Supplemental Question 5. A copy is reprinted below:

E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year - 2016	Current Year - 2017	Year One - 2017	Year Two - 2018	% Change (Current Year to Year 2)
<b>Gross Charge</b> ( <i>Gross Operating Revenue/Utilization Data</i> )	\$545.98	\$516.29	\$530.79	\$546.88	6%
<b>Deduction from Revenue</b> ( <i>Total Deductions/Utilization Data</i> )	\$189.85	\$166.63	\$193.74	\$199.61	20%
<b>Average Net Charge</b> ( <i>Net Operating Revenue/Utilization Data</i> )	\$356.13	\$349.66	\$337.05	\$347.27	-1%

**6. Section B, Economic Feasibility, Item G**

The projected payor mix table for Year One is noted. However, the projected Gross operating total of \$7,418,231 does not match any of the submitted Projected Data Charts. Please revise and submit a replacement page 31 to reflect the payor mix of the proposed 30 bed addition as proposed in this application.

**RESPONSE:** The Applicant's Projected Data Chart has been revised. The projected Gross operating revenue total for Year One is \$4,940,588.40 for the proposed 30 bed addition. The revenue mix breakdown is projected to be Medicare (50%); TennCare/Medicaid (7%); Commercial/Other Managed Care (16%), and Private Pay (27%). A replacement page 31 is included as Attachment to Second Supplemental Question 6.

**February 28, 2017**

**11:42 am**

Good Samaritan Society-Fairfield Glade  
CN1702-006

Responses to Second Supplemental Questions

Attachment to Supplemental Question 1



February 28, 2017

11:42 am

A-14

62





**February 28, 2017**

**11:42 am**

Good Samaritan Society-Fairfield Glade

CN1702-006

Responses to Second Supplemental Questions

Attachment to Supplemental Question 3-1

**February 28, 2017****11:42 am**☒ Total Facility  
☒ Project Only**PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	<u>Year 2017</u>	<u>Year 2018</u>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) <u>patient days</u>	<u>9,308</u>	<u>9,855</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$4,940,588</u>	<u>\$5,389,516</u>
2. Outpatient Services	<u>                    </u>	<u>                    </u>
3. Emergency Services	<u>                    </u>	<u>                    </u>
4. Other Operating Revenue (Specify) <u>                                    </u>	<u>                    </u>	<u>                    </u>
<b>Gross Operating Revenue</b>	<b><u>\$4,940,588</u></b>	<b><u>5,389,516</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$1,803,315</u>	<u>\$1,967,173</u>
2. Provision for Charity Care	<u>                    </u>	<u>                    </u>
3. Provisions for Bad Debt	<u>                    </u>	<u>                    </u>
<b>Total Deductions</b>	<b><u>\$1,803,314</u></b>	<b><u>1,967,172</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$3,137,273</u></b>	<b><u>\$3,422,343</u></b>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>\$888,199</u>	<u>\$951,083</u>
b. Non-Patient Care	<u>\$236,037</u>	<u>\$256,474</u>
2. Physician's Salaries and Wages	<u>                    </u>	<u>                    </u>
3. Supplies	<u>                    </u>	<u>                    </u>
4. Rent	<u>\$666,359</u>	<u>\$724,915</u>
a. Paid to Affiliates	<u>                    </u>	<u>                    </u>
b. Paid to Non-Affiliates	<u>                    </u>	<u>                    </u>
5. Management Fees:		
a. Paid to Affiliates	<u>\$191,088</u>	<u>\$208,451</u>
b. Paid to Non-Affiliates	<u>                    </u>	<u>                    </u>
6. Other Operating Expenses	<u>\$257,109</u>	<u>\$287,071</u>
<b>Total Operating Expenses</b>	<b><u>\$2,238,792</u></b>	<b><u>2,427,995</u></b>
E. <b>Earnings Before Interest, Taxes and Depreciation</b>	<b><u>\$898,482</u></b>	<b><u>\$994,348</u></b>
F. Non-Operating Expenses		
1. Taxes	<u>\$                    </u>	<u>\$                    </u>
2. Depreciation	<u>\$112,504</u>	<u>\$160,721</u>
3. Interest	<u>\$227,933</u>	<u>\$224,786</u>
4. Other Non-Operating Expenses	<u>                    </u>	<u>                    </u>
<b>Total Non-Operating Expenses</b>	<b><u>\$340,437</u></b>	<b><u>\$385,507</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>\$558,045</u></b>	<b><u>\$608,841</u></b>

Chart Continues Onto Next Page

**February 28, 2017****NET INCOME (LOSS)****\$558,045** **11:42 am** **\$608,841**

G. Other Deductions

1. Annual Principal Debt Repayment	\$57,213	\$60,359
2. Annual Capital Expenditure	\$57,041	\$63,960
<b>Total Other Deductions</b>	<b>\$114,254</b>	<b>\$124,319</b>
<b>NET BALANCE</b>	<b>\$443,791</b>	<b>\$484,522</b>
<b>DEPRECIATION</b>	<b>\$112,504</b>	<b>\$160,721</b>
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	<b>\$556,295</b>	<b>\$645,243</b>

☐ Total Facility  
☐ Project Only

**PROJECTED DATA CHART OTHER EXPENSES****OTHER EXPENSES CATEGORIES**

	<b><u>Year 2017</u></b>	<b><u>Year 2018</u></b>
1. <u>Professional Services Contract</u>	<u>\$257,108.50</u>	<u>\$287,071.40</u>
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
<b>Total Other Expenses</b>	<b><u>\$257,109</u></b>	<b><u>\$287,071</u></b>

**February 28, 2017****11:42 am** ☒ Total Facility  
☐ Project Only**PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	<u>Year 2017</u>	<u>Year 2018</u>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) <u>patient days</u>	<u>18,615</u>	<u>19,710</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$9,795,118</u>	<u>\$10,691,253</u>
2. Outpatient Services	<u>\$694,256</u>	<u>\$708,140</u>
3. Emergency Services		
4. Other Operating Revenue (Specify) <u>admin, building rent, vending, gift, grant, uniforms</u>	<u>\$454,664</u>	<u>\$55,739</u>
<b>Gross Operating Revenue</b>	<b><u>\$10,544,021</u></b>	<b><u>\$11,455,132</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$3,575,217</u>	<u>\$3,902,307</u>
2. Provision for Charity Care		
3. Provisions for Bad Debt	<u>\$33,000</u>	<u>\$33,000</u>
<b>Total Deductions</b>	<b><u>\$3,608,217</u></b>	<b><u>\$3,935,307</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$6,935,803</u></b>	<b><u>\$7,519,825</u></b>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>\$2,096,151</u>	<u>\$2,159,034</u>
b. Non-Patient Care	<u>\$681,234</u>	<u>\$701,671</u>
2. Physician's Salaries and Wages	<u>\$24,710</u>	<u>\$25,451</u>
3. Supplies	<u>\$1,880,498</u>	<u>\$2,048,484</u>
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates		
5. Management Fees:		
a. Paid to Affiliates	<u>\$419,695</u>	<u>\$428,088</u>
b. Paid to Non-Affiliates		
6. Other Operating Expenses	<u>\$998,782</u>	<u>\$1,028,745</u>
<b>Total Operating Expenses</b>	<b><u>\$6,101,072</u></b>	<b><u>\$6,391,476</u></b>
E. <b>Earnings Before Interest, Taxes and Depreciation</b>	<b><u>\$834,732</u></b>	<b><u>\$1,128,349</u></b>
F. Non-Operating Expenses		
1. Taxes		
2. Depreciation	<u>\$421,261</u>	<u>\$469,478</u>
3. Interest	<u>\$354,292</u>	<u>\$347,645</u>
4. Other Non-Operating Expenses		
<b>Total Non-Operating Expenses</b>	<b><u>\$775,553</u></b>	<b><u>\$817,123</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>\$59,179</u></b>	<b><u>\$311,226</u></b>

Chart Continues Onto Next Page

**\$59,179**

\$147,532

\$152,000

\$126,705

\$136,724

**\$274,237**

**\$288,724**

**\$(215,058)**

**\$22,502**

**\$421,261**

**\$469,478**

**\$206,203**

**\$491,980**

☐ Total Facility  
☐ Project Only

### OTHER EXPENSES CATEGORIES

Year 2017

Year 2018

\$998,782

\$1,028,745

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**\$998,782**

**\$1,028,745**

Good Samaritan Society-Fairfield Glade  
CN1702-006

Responses to Second Supplemental Questions

Attachment to Supplemental Question 3-2

**February 28, 2017**

11:42 am

- E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

**RESPONSE:** There are currently 4 other nursing homes in Cumberland County. Below is a chart that includes the occupancy rates for each of the 4 nursing homes located in Cumberland County:

	Resident Days of Care			Occupancy %		
	2015	2014	2013	2015	2014	2013
Fairfield Glade	10,374	10,479	10,324	95%	96%	94%
Life Care Crossville	36,587	37,789	38,640	82%	85%	87%
Wharton Nursing Home	19,354	18,692	21,469	86%	83%	95%
Wyndridge Health and Rehab	42,479	45,814	48,598	74%	80%	85%

- F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**RESPONSE:** The occupancy rate for the Applicant's current 30 bed facility for 2014 was 95.7% with a total of 10,479 resident days, 2015 was 94.7% with 10,374 resident days, and 2016 was 94.1% with 10,334 resident days.

The Applicant projects Average Daily Census by Payor for 60 Bed Facility for each of the two years following completion of the project as follows:

<b>Payor</b>	<b>2017</b>	<b>2018</b>
Private	19.6	20.7
Medicare	19.6	20.7
Managed Care	6.0	6.3
M/C Medicaid	6.0	6.3
<b>Total Patients:</b>	<b>51</b>	<b>54</b>

The projected payor mix for the Project Only Year 1 is as follows:

<b>Payor Source</b>	<b>Projected Gross Operating Revenue</b>	<b>As a % of Total</b>
Private	\$ 1,333,958.87	27%
Medicare	\$ 2,470,294.20	50%
Managed Care	\$ 790,494.14	16%
M/C Medicaid	\$ 345,841.19	7%
<b>Total:</b>	<b>\$ 4,940,588.40</b>	<b>100%</b>

Good Samaritan Society-Fairfield Glade

CN1702-006

Responses to Second Supplemental Questions

Attachment to Supplemental Question 4



**February 28, 2017**

**11:42 am**



July 30, 2014

Jeff Grimm  
Health Services Examiner  
State of Tennessee  
Health Services and Development Agency  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

Dear Mr. Grimm:

This letter is written pursuant to Item 6 of a letter dated 7/30/14 from the State of Tennessee Health Services & Development Agency.

The Evangelical Lutheran Good Samaritan Society (the "Society") has applied for 30 skilled beds for the Fairfield Glade facility. It is anticipated that the Society will use the Colorado Health Facilities Authority ("COHFA") as its bond issuer for tax-exempt bonds issued to finance such beds.

COHFA has been issuing bonds on behalf of the Society for 15 years. As one of the few long term care system to be rated by a nationally recognized national agency, it is one of the strongest long term care systems in the country. The Society is a borrower in good standing with COHFA, meeting all payment and reporting requirements in a very timely fashion. While every decision to issue tax-exempt bonds rests with the COHFA Board, they have agreed to issue each of the 11 Society bond issues presented to them to date, totally over \$764 million, and there is no reason to believe they will not continue to do so for the Society, absent any materially adverse change in its credit rating, which is not anticipated.

Thank you for your consideration of the Society's request. Please do not hesitate to contact me should you have any additional questions.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Corinne M. Johnson", is written over a circular embossed seal. The signature is fluid and cursive.

Corinne M. Johnson  
Executive Director

CMJ/peb

Good Samaritan Society-Fairfield Glade

CN1702-006

Responses to Second Supplemental Questions

Attachment to Supplemental Question 5

**February 28, 2017**

11:42 am

- E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year - 2016	Current Year - 2017	Year One - 2017	Year Two - 2018	% Change (Current Year to Year 2)
<b>Gross Charge (Gross Operating Revenue/Utilization Data)</b>	\$545.98	\$516.29	\$530.79	\$546.88	6%
<b>Deduction from Revenue (Total Deductions/Utilization Data)</b>	\$189.85	\$166.63	\$193.74	\$199.61	20%
<b>Average Net Charge (Net Operating Revenue/Utilization Data)</b>	\$356.13	\$349.66	\$337.05	\$347.27	-1%

- 2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

**RESPONSE:** The Applicant does not anticipate any changes to current charges as a result of the additional 30 Medicare/Medicaid-certified beds. The proposed rates reflect increases of 2% per year based on current rates. The Applicant's Current and Proposed Charge Schedules are as follows:

Payor	Current	2017	Year 1 2017	Year 2 2018	Year 3 2019
Private Pay	\$239-\$246	\$239-\$246	\$242.59-\$249.69	\$245.01-\$252.18	\$247.46-\$254.70
Medicaid	\$212.61	\$212.61	\$215.80	\$219.04	\$222.32
Medicare	\$422.86	\$422.86	\$429.20	\$435.64	\$442.18

*The proposed rate increases reflect 3% increase for private, 1.5% MD, 1.75% MA*

- 3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**RESPONSE:** Below is a chart of the charges of similar facilities in Cumberland County:

Applicant's Proposed Charges as Compared to Existing Facilities In Cumberland County							
	Medicare / Skilled Care	Medicaid/ TennCare Level 2	Medicaid/ TennCare Level 1	Private Level 2	Private Level 1	Semi-Private Level 2	Semi-Private Level 1
GSS-FFG	\$303	n/a	\$62	\$238	\$234	n/a	n/a
Life Care of Crossville	\$430	\$190	\$182	n/a	n/a	\$192	\$192
Wharton NH	n/a	n/a	n/a	n/a	\$214	n/a	\$200
Wyndridge	\$450	\$215	\$183	\$261	\$227	\$261	\$200
Sources: 2015 Joint Annual Reports							

Good Samaritan Society-Fairfield Glade  
CN1702-006

Responses to Second Supplemental Questions

Attachment to Supplemental Question 6

**February 28, 2017**

11:42 am

**RESPONSE:** The Capitalization ratio of Evangelical Lutheran Good Samaritan Society as based on the most recent financials is forty-eight (48%) percent.

- G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

**RESPONSE:** The Applicant is seeking the addition of 30 Medicare-certified beds. Although the Applicant is a non-profit corporation with a charitable mission, the CCRC model is not intended to serve the medically indigent. The Applicant anticipates that Year One revenues will consist of approximately 50% Medicare and 27% private pay.

Because the Applicant's facility is TennCare/Medicaid certified, it is correct that all beds in the facility will be certified for participation in the Medicaid program. Any applicant for new nursing home beds must apply for a certificate of need for those beds under the provisions of Section 68-11-1622 of the Tennessee Code Annotated (the "Code"). Subsection 68-11-1622(a) of the Code requires that the beds applied for "be certified as Medicare skilled nursing facility (SNF) beds." As noted in the application, the facility will certify these beds for participation in the Medicare program as SNF beds. However, because of the decision in *Linton v. Commissioner of Health & Environment*, 973 F.2d 1311 (6th Cir. 1992), a facility that participates in TennCare/Medicaid must certify all of its beds for TennCare/Medicaid. This is often referred to as the "one in, all in" rule. Because of the operation of this requirement, the requested beds additionally will be certified for Medicaid participation by operation of the "one in, all in" rule.

The Applicant's Projected Payor Mix for year 1 (for the proposed 30 bed project) is below:

**Applicant's Projected Payor Mix, Year 1**

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$2,470,294.20	50%
TennCare/Medicaid	\$345,841.19	7%
Commercial/Other Managed Care	\$790,494.14	16%
Self-Pay [Private Pay]	\$1,333,958.87	27%
Charity Care		
Other (Specify)		
Total	<b>\$4,940,588.40</b>	<b>100%</b>

- H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

**RESPONSE:** The Facility's response comparing current and projected staffing is in the chart below:

February 28, 2017

11:42 am

FEB 28 11:42 AM '17

AFFIDAVIT

STATE OF ~~TENNESSEE~~ SOUTH DAKOTA

COUNTY OF MINNEHAHA

NAME OF FACILITY: GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

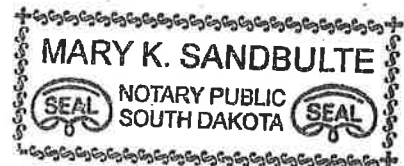
I, G. Grant Tribble, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature] EVP/CFO  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28<sup>th</sup> day of Feb, 2017,  
witness my hand at office in the County of Minnehaha, State of ~~Tennessee~~ SOUTH DAKOTA.

[Signature]  
NOTARY PUBLIC

My commission expires 2-17-2020



HF-0043

Revised 7/02

# Supplemental #3 -Original-

Good Samaritan Society-  
Fairfield Glade

CN1702-006

**Christopher C. Puri**

Counsel  
cpuri@bradley.com  
615.252.4643 direct

BRADLEY



February 28, 2017

Mr. Phillip M. Earhart  
HSDA Examiner  
Tennessee Health Services and Development Agency  
Andrew Jackson State Office Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

Re: Certificate of Need Application Good Samaritan Society-Fairfield  
Glade (CN1702-006) - Responses to Third Supplemental Questions

Dear Mr. Earhart:

This letter will serve as a response to your letter of February 28, 2017 requesting clarification or additional discussion as to our application for a Certificate of Need for the above-referenced matter.

This response has been reviewed by the Applicant, and an appropriate affidavit is attached.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

A handwritten signature in black ink that reads "Christopher C. Puri". The signature is written in a cursive, flowing style.

By:

Christopher Puri



**1. Section B, Need, Item E.**

Please verify the following revised data for the Year 2015 is correct. The applicant previously calculated the Total ADC as 28.

Name	Lic. Beds	Beds-MCARE only-certified	Beds-Dually Certified	Beds Level 1 certified MCAID	Licensed Only Beds Non-Certified	SNF MCARE ADC	Level 2 MCAID ADC	skilled All other Payors ADC	Non-skilled ADC	Total ADC
Fairfield Glade	30	0	30	0	0	20	0	1	8	29

**RESPONSE:** The noted chart numbers are correct for Year 2015; the calculation should round to twenty-nine.

**2. Section B, Economic Feasibility, Item B (Funding)**

The July 30, 2014 letter from the issuing authority stating favorable initial contact is noted. However, the letter is 2.5 years old and it is unclear if it is still valid.

Please provide the following:

- A revised current letter from the Colorado Health Facilities Board stating favorable initial contact.
- A conditional agreement from an underwriter or investment banker to proceed with the issuance.

**RESPONSE:** Please see included with these responses and additional letter related to funding the remaining portions of the project.

**3. Section C, Need, Item F.**

The applicant revised the Projected Data Chart for the 30 bed addition. Please revise the following table to reflect the revision:

**RESPONSE:** Please see the following note table below.

**Proposed 30 beds -Projected Utilization**

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	30	30	13.0	0	3.0	9.5	25.5	85%
2	30	30	14.0	0	3.0	10	27	90%

\* Includes dually-certified beds

**4. Section B, Economic Feasibility, Item D Projected Data Chart**

**March 1, 2017**

**8:10 am**

The Projected Data Chart for the total facility is noted. However, there appears to be an error in Line B.4 for 2017 in the amount of \$4,346,646. Please revise and submit a corrected Projected Data Chart.

**RESPONSE:** The correct amount on line B.4 should be "\$54,646". A corrected Project Data Chart for the entire facility is included with these responses.

**5. Section B, Economic Feasibility, Item F.2 Net Operating Margin Ratio**

Please revise the Net Margin Ratio for the proposed 30 bed project for Year One and Year Two to match the revised Projected Data Chart. Please submit a revised page 30.

**RESPONSE:** A corrected page 30 is included with revised Net Margin Ratios as follows:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projecte d Year 1	Projecte d Year 2
Net Operating Margin Ration	0.0549	0.0769	0.0204	0.2864	0.2905

<i>Year</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
<i>Earnings before interest, Taxes, and Depreciation/Net Operating Revenue</i>	191,754	284,213	73,811	898,482	994,348
<i>Net Operating Revenue</i>	3,491,832	3,694,491	3,613,403	3,137,273	3,422,343

MAR 1 '17 AM 8:10

**SUPPLEMENTAL #3**

**March 1, 2017**

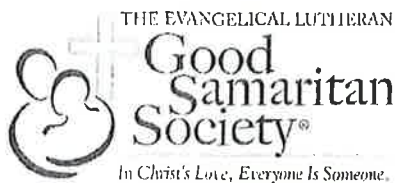
**8:10 am**

Good Samaritan Society-Fairfield Glade

CN1702-006

Responses to Third Supplemental Questions

Attachment to Supplemental Question 2



**SUPPLEMENTAL #3**

**March 1, 2017**

4800 West 57th Street  
P.O. Box 5038  
Sioux Falls, SD 57117-5038

**8:10 am**

Phone: 605-362-3100  
Fax: 605-362-3309  
www.good-sam.com

February 28, 2017

Ms. Melanie Hill  
Tennessee Health Services and Development Agency  
600 Deaderick Street, Suite 850  
Nashville, Tennessee 37243

Re:

Dear Ms. Hill:

This letter serves to verify the remaining work on the proposed project at Good Samaritan Society – Fairfield Glade, TN.

The project is in the finishing stages and nearing substantial completion relative to the overall portion of the remaining costs. Work in progress that remains to be completed includes; final painting, mechanical / electrical / plumbing trim out, acoustical lay-in ceilings, flooring, door and hardware installation, countertop installation, fire alarm, data / phone / low voltage systems and landscaping. Approximately \$357,000 of work is remaining.

We have provided with the current application a copy of the consolidated balance sheets of the Evangelical Lutheran Good Samaritan Society and Affiliates. The balance sheet on page 6 demonstrates that the Society has cash and cash equivalents sufficient to fund the remaining work on the project (17,468,000 for most recent FY 2015). The Society will fund from any cash reserves remaining items on the project as is necessary.

Please let me know if you have any questions.

Sincerely,

Greg Amble

**March 1, 2017**

**8:10 am**

Good Samaritan Society-Fairfield Glade

CN1702-006

Responses to Third Supplemental Questions

Attachment to Supplemental Question 4

March 1, 2017  
 8:10 am ☒ Total Facility  
☐ Project Only

**PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	<b>Year <u>2017</u></b>	<b>Year <u>2018</u></b>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) <u>patient days</u>	<u>18,615</u>	<u>19,710</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$9,795,118</u>	<u>\$10,691,253</u>
2. Outpatient Services	<u>\$694,256</u>	<u>\$708,140</u>
3. Emergency Services		
4. Other Operating Revenue (Specify) <u>admin, building rent, vending, gift, grant, uniforms</u>	<u>\$54,646</u>	<u>\$55,739</u>
<b>Gross Operating Revenue</b>	<b><u>\$10,544,021</u></b>	<b><u>\$11,455,132</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$3,575,217</u>	<u>\$3,902,307</u>
2. Provision for Charity Care		
3. Provisions for Bad Debt	<u>\$33,000</u>	<u>\$33,000</u>
<b>Total Deductions</b>	<b><u>\$3,608,217</u></b>	<b><u>\$3,935,307</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$6,935,803</u></b>	<b><u>\$7,519,825</u></b>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>\$2,096,151</u>	<u>\$2,159,034</u>
b. Non-Patient Care	<u>\$681,234</u>	<u>\$701,671</u>
2. Physician's Salaries and Wages	<u>\$24,710</u>	<u>\$25,451</u>
3. Supplies	<u>\$1,880,498</u>	<u>\$2,048,484</u>
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates		
5. Management Fees:		
a. Paid to Affiliates	<u>\$419,695</u>	<u>\$428,088</u>
b. Paid to Non-Affiliates		
6. Other Operating Expenses	<u>\$998,782</u>	<u>\$1,028,745</u>
<b>Total Operating Expenses</b>	<b><u>\$6,101,072</u></b>	<b><u>\$6,391,476</u></b>
<b>E. Earnings Before Interest, Taxes and Depreciation</b>	<b><u>\$834,732</u></b>	<b><u>\$1,128,349</u></b>
F. Non-Operating Expenses		
1. Taxes		
2. Depreciation	<u>\$421,261</u>	<u>\$469,478</u>
3. Interest	<u>\$354,292</u>	<u>\$347,645</u>
4. Other Non-Operating Expenses		
<b>Total Non-Operating Expenses</b>	<b><u>\$775,553</u></b>	<b><u>\$817,123</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>\$59,179</u></b>	<b><u>\$311,226</u></b>

Chart Continues Onto Next Page



**March 1, 2017**

**8:10 am**

Good Samaritan Society-Fairfield Glade  
CN1702-006

Responses to Third Supplemental Questions

Attachment to Supplemental Question 5



**March 1, 2017****8:10 am**

- F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-FI. NOTE: Publicly held entities only need to reference their SEC filings.**

**RESPONSE:** The Applicant is projecting an average daily census of 22.5 patients or 8,212 patient days in Year 1, for an average annual occupancy rate of 75%. The Applicant projects an average daily census of 24 patients or 8,760 patient days in Year 2, for an average annual occupancy rate of 80%. The projected utilization is sufficient to render the project financially feasible as discussed below. The Applicant has made very conservative projections regarding occupancy when considering its historical deflection rates.

The project is economically feasible, and will produce positive operating revenue by Year Two. Although the Projected Data Chart for the entire 60-bed facility reflects a Net Operating Loss for Year One, the loss is only a "paper loss" and does not realistically reflect the economic feasibility of the project because of the amount of depreciation and interest. In addition, the Projected Data Chart for the 30-bed project only lists a Net Operating Income beginning in Year Two. Increasing utilization rates from year one to year two will generate positive operating revenue by year two and are projected to increase as over subsequent years.

In addition, ELGSS will provide funding as necessary to cover any operational losses. ELGSS will provide funding as necessary to cover any operational losses. As noted previously, ELGSS's financial statements for 2014 and 2015 are included with this application. Considering the available capital and viewed in light of accepted cash flow analysis, this project is economically feasible and will perform well financially.

- 2) Net Operating Margin Ratio - Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

**RESPONSE:** Please see the table below:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	0.0549	0.0769	0.0204	0.2864	0.2905

- 3) Capitalization Ratio (Long-term debt to capitalization) - Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

March 1, 2017

8:10 am

MAR 1 17 2017

AFFIDAVIT

STATE OF ~~TENNESSEE~~ **SOUTH DAKOTA**

COUNTY OF MINNEHAHA

NAME OF FACILITY: GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

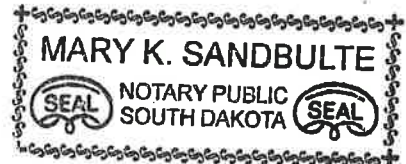
I, G. Grant Tribble, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature] EVP/CFO  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28<sup>th</sup> day of Feb, 2017,  
witness my hand at office in the County of Minnehaha, State of ~~Tennessee~~ **SOUTH DAKOTA.**

[Signature]  
NOTARY PUBLIC

My commission expires 2-17-2020



HF-0043

Revised 7/02

**Christopher C. Puri**

Counsel  
cpuri@bradley.com  
615.252.4643 direct



February 21, 2017

FEB 22 '17 AM 10:02

Ms. Melanie Hill  
Tennessee Health Services & Development Agency  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, Tennessee 37243

Re: Consent Calendar Request – CN1702-006

Dear Melanie:

Please accept this letter as a request for consideration that the recent application for a certificate of need by the Good Samaritan Society-Fairfield Glade (docketed as CN1702-006) be heard on the consent calendar at the April 2017 meeting.

Pursuant to HSDA Rules 0720-10-.05, we believe that the proposed project meets the criteria for placement on the consent agenda. This project was previous approved by the HSDA as meeting all established criteria for granting a certificate of need in the approval of CN1407-031A. While the current application is necessitated by the expiration of CN1407031A, the project continues to meet all criteria for approval. Secondly, no one having legal standing has opposed the proposed CON, and we do not believe anyone will do so. We note that the previous CON that was not opposed at the time is was granted.

In our application, we failed to indicate that we wished to have consent calendar consideration. As noted in the application, this certificate of need is required because the previous CON (CN1407-031A) expired before the licensure of the facility and before the application for and approval of an extension of that CON by the HSDA. The Facility is in the later stages of completion of the project, and therefore expedited review by consent calendar is required to prevent a delay in the opening of the new facility beds and the initiation of services that are need for the residents of Fairfield Glade and the surrounding community.

Therefore, pursuant to Rule 0720-10-.05, we would ask that CN1702-006 be placed on the April 2017 meeting agenda for consent calendar consideration.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

A handwritten signature in blue ink that reads "Christopher C. Puri". The signature is fluid and cursive, with the first and last names being more prominent.

Christopher Puri

CCP/ced